

INFORMATIONAL HEARING and SITE VISIT  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:	)	
	)	
Application for Certification	)	Docket No.
of the GWF Tracy Peaker Project	)	01-AFC-16
in San Joaquin County	)	
(GWF Energy LLC)	)	
_____	)	

TRACY ROOM  
HOLIDAY INN EXPRESS  
3751 TRACY BOULEVARD  
TRACY, CALIFORNIA

WEDNESDAY, NOVEMBER 28, 2001

4:05 p.m.

Reported by:  
Duncan Fankboner  
Contract No. 170-01-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Robert Pernell, Presiding Member

Cheryl Tompkin, Hearing Officer

Ellen Townsend-Smith, Advisor

STAFF AND CONSULTANTS PRESENT

Kerry A. Willis, Staff Counsel

Cheri Davis, Project Manager

Jim Adams

Sally M. Salavea, Senior Planner  
PCR Services Corp.

ACTING PUBLIC ADVISER

Susan Gefter, Hearing Officer

APPLICANT

John P. Grattan, Attorney  
Grattan and Galati

D.W. Wheeler, Vice President  
Riley E. Jones, Business Manager  
Mark Kehoe, Director of Environmental and Safety  
Hal Moore, Chief Engineer  
GWF Power Systems Company, Inc.

James A. Adams, Senior Project Manager  
David A. Stein, Senior Project Manager  
URS Corporation

INTERVENORS

Sky C. Stanfield, Legal Assistant  
Adams, Broadwell, Joseph and Cardozo  
California Unions for Reliable Energy

ALSO PRESENT

Jim Swaney, Permit Services Manager  
San Joaquin Valley Air Pollution Control District

Nicholas A. Pinhey, Director of Public Works  
City of Tracy

Millard Hampton

Arlena Hampton

Robert Sarvey

John Burnett

Ena Aguirre

Charles Tusso

Janice Johnson

Brian Keszenheimer

Megan Ivey

Cindy Guinn

Paula Buenavista

Annette Elissagaray

Laura Swickard

Frank Peternel  
Owens-Brockway

Karl Aube  
Pacific Gas and Electric Company

Mike Korte  
Owens-Illinois

Lance Chun

Ben van der Meer  
The Tracy Press

Dave Rupert

ALSO PRESENT

David Corliss  
Golden State Development

Kelli Reid

John Burnett

Wayne Wisecarver

Ed Betos  
Advanced Warehouse Systems

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

## I N D E X

	Page
Proceedings	1
Opening Remarks	1
Commissioner Pernell	1
Introductions	2
Overview	5
Public Adviser	8
Presentations	14
Applicant	14
Questions/Comments	27
CEC Staff	30
Public Comment	39
M. Hampton	39
R. Sarvey	52
J. Burnett	72
E. Aguirre	74
C. Tusó	81
J. Johnson	84
B. Keszenheimer	94
M. Ivey	109
Issues Identification Report	112
Air Quality	112
Questions/Comments	115
Applicant	118

## I N D E X

	Page
Issues Identification Report - continued	
Socioeconomics	116
Transmission System Engineering	119,128
Questions/Comments	120
Applicant	124,128
Proposed Schedule	121
Question/Comments	122
Applicant	123
San Joaquin Valley Air Pollution Control District	129
Closing Remarks	131
Adjournment	133
Reporter's Certificate	134

1 P R O C E E D I N G S

2 4:05 p.m.

3 PRESIDING MEMBER PERNELL: Good evening.

4 This is an informational hearing conducted by a  
5 Committee of the California Energy Commission on  
6 the proposed Tracy Peaker Project.

7 My name is Robert Pernell; I'm the  
8 Presiding Member of the Committee. Commissioner  
9 Laurie, the Associate Member of the Committee,  
10 couldn't be with us this evening.

11 Present at the table with me is my  
12 Adviser, Ellie Townsend-Smith; and our Hearing  
13 Officer for this evening is Ms. Tompkin, Cheryl  
14 Tompkin.

15 GWF Energy, LLC filed an application  
16 with the Energy Commission to obtain a license for  
17 the proposed Tracy Peaker project in San Joaquin  
18 County. GWF Energy, LLC requested an expedited  
19 review of the application under the Commission's  
20 new four-month review process.

21 The purpose of this hearing is to  
22 discuss the Commission's expedited licensing  
23 process and to identify issues of concern related  
24 to the project development.

25 And before we get started this evening I

1 wanted to announce that those of you who wish to  
2 address the Commission please come up to the mike  
3 and identify yourselves and spell your last name  
4 for the record. This proceeding is being recorded  
5 and there will be a record of the entire  
6 proceedings.

7 Before we begin I'd like to welcome any  
8 elected officials. Are there any elected  
9 officials in the audience?

10 Next I'm going to ask the parties to  
11 introduce themselves starting with the applicant.  
12 And, Grattan, would you introduce your team.

13 MR. GRATTAN: Yes, I'm just a poor dumb  
14 lawyer here, the real team is Doug Wheeler, who is  
15 Vice President of Business Development at GWF; and  
16 Mark Kehoe, who is Environmental and Safety  
17 Compliance here. And we have members of the  
18 technical consulting team who prepared the  
19 application and did the review, URS, led by Dave  
20 Stein. And, I'm sorry, and Hal Moore, the Chief  
21 Engineer for GWF.

22 PRESIDING MEMBER PERNELL: Okay, I'm not  
23 sure that the audience know who -- so, will you  
24 raise your hand when you call their name so we'll  
25 know --



1                   MR. GRATTAN: Yeah, Doug Wheeler. Mark  
2 Kehoe. Dave Stein. Jim Adams. Hal Moore. And  
3 I'm John Grattan.

4                   PRESIDING MEMBER PERNELL: Okay, thank  
5 you. Staff, will you please introduce your team.

6                   MS. DAVIS: My name is Cheri Davis and  
7 I'm the Project Manager for Energy Commission  
8 Staff. To my right is Kerry Willis. Kerry Willis  
9 is the attorney assigned to this project. And we  
10 also have two members of our staff in the  
11 audience, Jim Adams and Sally Salavea -- Salavea,  
12 I knew I was going to pronounce it wrong.

13                  PRESIDING MEMBER PERNELL: Okay, thank  
14 you. Are there any intervenors?

15                  MS. STANFIELD: Hi, I'm Sky Stanfield,  
16 here representing the California Unions for  
17 Reliable Energy.

18                  PRESIDING MEMBER PERNELL: Okay. Thank  
19 you. Any other intervenors?

20                         Any agencies?

21                  MR. SWANEY: I'm Jim Swaney; I'm the  
22 Permit Services Manager with the Northern Region  
23 of the San Joaquin Valley Air Pollution Control  
24 District.

25                  PRESIDING MEMBER PERNELL: Welcome. Any

1       other agencies? Okay, members of the public --  
2       I'm sorry, we have --

3               MR. PINHEY: Hello. Nick Pinhey with  
4       the City of Tracy.

5               PRESIDING MEMBER PERNELL: Thank you,  
6       Nick. Are there any members of the public  
7       representing organizations like homeowners  
8       associations or any organizations?

9               Any media representatives? Seeing none,  
10       the Public Adviser. Appearing on behalf of the  
11       Public Adviser's Office is Ms. Susan Gefter.

12               ACTING PUBLIC ADVISER GEFTER: Yes, I'm  
13       standing in for Roberta Mendonca, who is the  
14       Public Adviser for the California Energy  
15       Commission, as an independent arm of the agency,  
16       available to assist the public in participating in  
17       the proceedings regarding the Tracy Peaker  
18       project.

19               A little bit later I will give you an  
20       overview of the role of the Public Adviser.

21               PRESIDING MEMBER PERNELL: Thank you,  
22       Ms. Gefter.

23               And at this point I'd like to turn the  
24       proceedings over to our Hearing Officer, Ms.  
25       Tompkin.

1                   HEARING OFFICER TOMPKIN: Thank you,  
2                   Commissioner Pernell. The Commission accepted the  
3                   application for the Tracy Peaker project as  
4                   adequately filed on October 17, 2001.

5                   The Commission is reviewing the project  
6                   pursuant to the expedited four-month application  
7                   for certification process set forth in Public  
8                   Resources Code section 25552. This is a new law  
9                   that allows the Commission to accelerate the  
10                  licensing of simple cycle power plants that can be  
11                  online by December 31, 2002, in order to meet the  
12                  state's emergency energy demand.

13                  The Tracy Peaker project is a nominal  
14                  169 megawatt simple cycle power plant that will be  
15                  operational by July 2002.

16                  Earlier today we toured the surrounding  
17                  community and the proposed site as previously  
18                  scheduled in the notice of this hearing. The  
19                  notice was mailed on November 2nd of this year to  
20                  all parties, adjoining landowners, interested  
21                  governmental agencies and other individuals. In  
22                  addition, the notice was published in The Tracy  
23                  Press on November 23rd.

24                  This informational hearing is the first  
25                  in a series of Commission events that will extend

1 over approximately the next four months. At the  
2 end of the review period the Commissioners will  
3 issue a proposed decision containing their  
4 recommendations on the project.

5 It is important to note that by law the  
6 recommendations and the proposed decision must be  
7 based solely on the evidence contained in the  
8 public record.

9 To insure that this happens, and to  
10 preserve the integrity of the licensing process,  
11 the Commission's regulations expressly prohibit  
12 private contacts between the parties and the  
13 Committee Members.

14 This prohibition against private  
15 communications between the parties and the  
16 Committee is known as the ex parte rule. This  
17 means that all contacts between the parties and  
18 the members of the Committee or myself, as the  
19 Hearing Officer, regarding a substantive matter  
20 must occur in the context of a public discussion,  
21 such as today's event, or in the form of a written  
22 communication that is provided to all the parties.

23 The ex parte rule insures full  
24 disclosure to all participants of any information  
25 that may be used as a basis for the decision on

1       this project.

2               Additional opportunities for the parties  
3       and governmental agencies to discuss substantive  
4       issues with the public will occur in public  
5       workshops to be held by Commission Staff here in  
6       Tracy.

7               Information regarding other  
8       communications between the parties and  
9       governmental agencies is contained in written  
10      reports or letters that summarize such  
11      communications. These reports are distributed to  
12      the parties and made available to the public.

13              Information regarding hearing dates and  
14      other events in this proceeding will be available  
15      on the Commission's website. That website address  
16      is [www.energy.ca.gov](http://www.energy.ca.gov), that's g-o-v. If you have  
17      trouble remembering it, you can obtain it from the  
18      Public Adviser later.

19              The application process is a public  
20      proceeding in which members of the public are  
21      encouraged to actively participate and express  
22      their views on matters relevant to the proposed  
23      project.

24              The Committee is interested in hearing  
25      from the community on any aspect of this project.

1 Members of the public may also intervene in the  
2 proceeding. If there are potential intervenors,  
3 we encourage you to file your petitions to  
4 intervene soon to allow for full participation.

5 At this time I'll ask the Public Adviser  
6 to explain the intervention process, and to  
7 provide an update on her contacts with local  
8 residents regarding this proceeding.

9 ACTING PUBLIC ADVISER GEFTER: Susan  
10 Gefter standing in for Roberta Mendonca, who is  
11 the Public Adviser at the California Energy  
12 Commission.

13 I believe that Roberta was in touch with  
14 a number of residents here in Tracy, and  
15 unfortunately I don't know who it was she spoke  
16 to, but she would like to continue that discussion  
17 with you. And I have her phone number, her email  
18 address available and I will give that to you in a  
19 few moments.

20 One of the things that makes this a very  
21 complicated process is the application for  
22 certification. I think Tracy filed, is it one  
23 notebook, but there are a couple of other filings  
24 that are almost as thick as the notebook. And  
25 this is on file at the Tracy Branch Library. And

1       those are the hours that the library is open and  
2       available, and also public computers are available  
3       for people to access the Energy Commission's  
4       website.

5               The website is listed on the screen. I  
6       also have copies for folks in the back of the  
7       room. And I'll hand them out to you at anytime  
8       you want to come in the back and talk to me.

9               Also, the docket unit at the Energy  
10       Commission, there's an email address for them, as  
11       well. They file anything that has to do with this  
12       case. Any public document that you want to have  
13       access to is available at the docket office.

14              Roberta Mendonca can also get that  
15       document for you. All you would have to do is  
16       call; it's an 800 number at the Public Adviser's  
17       Office. Again, I'll give you that in a little  
18       while.

19              With respect to the Energy Commission  
20       proceeding, this is a public process, that is the  
21       emphasis of this proceeding. The Energy  
22       Commission is the state agency that licenses power  
23       plants that are over 50 megawatts.

24              That's why we come here from Sacramento,  
25       down here. We represent the state. All the local

1 agencies work with us, but we are the final  
2 decision maker, and actually it's not Roberta's  
3 Office, it's Commissioner Pernell and the other  
4 four Commissioners on the Commission. There are  
5 five Commissioners appointed by the Governor. The  
6 five of them make the final decision on whether or  
7 not the Tracy Peaker plant meets all the laws and  
8 all the other requirements of the local agencies  
9 and the state agencies, and even federal law.

10 Commissioner Pernell and Commissioner  
11 Laurie, who is not here today, are the two  
12 Commissioners that are going to be attending the  
13 hearings on the project here in the Tracy area.  
14 And they will be making a recommendation to the  
15 five Commissioners.

16 We expect this process to take about  
17 four months, maybe five months. We'll discuss the  
18 schedule later in the hearing. But at this point  
19 we want you to know that all the meetings that we  
20 will conduct are publicly noticed. The notices  
21 are available. They'll be mailed to you if you  
22 put your name on the mailing list at the back of  
23 the room. We will mail you notices of any  
24 hearings, any workshops, any other public events  
25 that are held by the Commission with respect to



1 the Tracy Peaker project.

2 The staff will conduct workshops without  
3 the Commissioner present. Those workshops are  
4 more informal; they will not necessarily be  
5 reported by a court reporter, but they also give  
6 you an opportunity to ask questions directly of  
7 the technical staff regarding the particular  
8 issues that you might be concerned about.

9 The workshops are very technical. The  
10 scientists and technicians will be at the  
11 workshops. They'll give you a chance to ask your  
12 questions and have them explain it to you.

13 There will also be additional Committee  
14 hearings, such as today's hearing. And towards  
15 the end of this process the Committee will conduct  
16 evidentiary hearings which are much more formal.

17 And in those hearings the parties, which  
18 are the applicant and the staff, will present  
19 evidence and cross-examine witnesses. Members of  
20 the public may intervene as parties. And I'll  
21 explain that here.

22 Members of the public may continue just  
23 to participate in a proceeding such as this, ask  
24 questions, talk to the staff, talk to the  
25 applicant, and ask the Committee your questions,

1 as well.

2 If you want to participate as a party it  
3 becomes -- you have a lot of -- you have more  
4 obligations and you get more rights. Your  
5 obligations would be that you have to serve all of  
6 your filings on everybody in the case who are  
7 parties. You would also have to present evidence,  
8 cross-examine witnesses and participate at a  
9 higher level.

10 However, a petition to intervene is a  
11 quite simple form to fill out. And that's what it  
12 looks like. But that means, again, and Roberta  
13 would help you if you decide you want to intervene  
14 as a party. That means that you also will have to  
15 present evidence, but you do have the right to  
16 cross-examine witnesses.

17 I want to move this along. This  
18 explains what the benefits of intervention are,  
19 and what the benefits of being a party are.  
20 That's contained in the handout that I have, and  
21 I'll give you that after you come to me in the  
22 back of the room, I'll hand it out to you so you  
23 can look at it more closely.

24 This is the information on the Public  
25 Adviser. It gives you her phone number, the email

1 address and the address of the Energy Commission  
2 in Sacramento.

3 I did want to convey to you that Roberta  
4 and her staff wanted the members of the public  
5 here to know that they are available to work with  
6 you. You're welcome to call them at the 800  
7 number of email them at their email address. They  
8 will return your calls and try to assist you as  
9 much as they can. And you're welcome to call them  
10 at anytime during this process.

11 PRESIDING MEMBER PERNELL: Do we have  
12 any questions for the Public Adviser? Any  
13 questions at all? You can become a party or an  
14 intervenor, and it's not as complicated as it  
15 looks. But, if you decide to do that, please call  
16 the Public Adviser's Office.

17 We pride ourself on having a open  
18 process. Thank you.

19 HEARING OFFICER TOMPKIN: Thank you, Ms.  
20 Gefter. Today we will have presentations by the  
21 parties. First by the applicant, then by  
22 Commission Staff.

23 After those presentations are concluded  
24 and any questions presented by the participants  
25 addressed, we will take comments from the public.

1       Accordingly, this hearing will proceed in the  
2       following manner.

3               First, applicant, GWF Energy, LLC, will  
4       describe the proposed project and explain plans  
5       for developing the project site.

6               Next, Commission Staff will provide an  
7       overview of the Commission's expedited licensing  
8       process, and its role as an independent party in  
9       reviewing the proposed project.

10              Then we'll hear comments from interested  
11      agencies. Upon completion of these presentations,  
12      intervenors and members of the public may offer  
13      comments and ask questions.

14              Following public comment, we will  
15      discuss scheduling and other matters addressed in  
16      staff's issue identification report. We will  
17      provide time for the parties or members of the  
18      public to ask questions.

19              At this point are there any questions  
20      about today's agenda?

21              Seeing none, I'm going to ask the  
22      applicant to now begin its presentation.

23              MR. WHEELER: Again, my name is Doug  
24      Wheeler. I'm here today representing GWF Energy,  
25      LLC. GWF is proposing the Tracy Peaker project,

1       which is a 169 megawatt peaking facility.

2               This is the location of the proposed  
3       project. 205 is located here, West Schulte Road,  
4       Lammers Road. This is the proposed project  
5       location here.

6               The Owens-Brockway facility is located  
7       here that you saw in the site visit. And the  
8       biomass plant is located here.

9               Before we review the project the project  
10       will include two General Electric combustion  
11       turbine generator units. They will be operated in  
12       a simple cycle configuration, meaning they will  
13       operate as a peaking facility.

14              The other type of cycle that you may be  
15       familiar with is a combined cycle facility, which  
16       includes a heat recovery steam generator that  
17       recovers waste heat from the turbine exhaust.

18              Again, this project uses simple cycle  
19       turbines. It's 169 megawatts, as I mentioned.  
20       All of the generation will be sold under contract  
21       to the California Department of Water Resources.

22              As you saw on the site visit today, the  
23       natural gas supply for the project will come from  
24       a gasline that crosses the project site. The  
25       transmission interconnect will be to a 115, the

1 Tesla-Cason line, which, again, is located on the  
2 site.

3 There are minimal environmental  
4 concerns, and by that I mean we've done our very  
5 best to mitigate the environmental impacts to a  
6 level of what we believe are insignificant.

7 The project will provide needed power to  
8 California beginning the summer of 2002. Now this  
9 is an aerial view of the project site. Again  
10 Schulte located here; Lammers, the project site is  
11 located here. The gas transmission line you can  
12 see crosses the site here.

13 The transmissions lines run  
14 approximately in this location. Again, the Owens-  
15 Brockway facility and the biomass plant. The  
16 Delta-Mendota Canal you can see is located  
17 adjacent to the site here.

18 This is a facility layout; again, the  
19 two turbines. All of the surface runoff drainage,  
20 storm water drainage from on the site will be  
21 detained in a storm water detention basin located  
22 here.

23 This is a 115 switchyard facility that  
24 will interconnect to the 115 substation. This  
25 will be constructed by GWF or PG&E, but if, at the

1 end of the project if we construct the switchyard  
2 it will be turned over to PG&E.

3 This is an existing view looking in a  
4 southwesterly direction from Lammers and Schulte  
5 Roads. Again, the Owens-Brockway facility; the  
6 water tower which, as we indicated, has 122 feet  
7 tall. The stack is about 145 feet tall. You  
8 can't see the transmission lines, they're off the  
9 view.

10 This is the same photograph rendered  
11 with the project. The project located here. Here  
12 the two stacks. Again, the stacks are 100 feet  
13 tall. The water tower is located here.

14 We have had some comments from staff  
15 regarding the landscaping that's shown in this  
16 rendering. And we're in the process of revising  
17 that to address comments from both the visual  
18 staff and the biological staff.

19 This is another view looking northwest  
20 from the farm access road. You probably noticed  
21 it on the site tour, but it's just off of Lammers  
22 Road. Again, the Owens-Brockway facility. Here  
23 is a better view of the transmission towers. And  
24 this tower is approximately 145 feet tall. The  
25 water tower is 122.

1                   This is the same view rendered with the  
2                   project. Again, the two turbines, the stacks.  
3                   Here's another view looking northeast from the  
4                   Delta-Mendota Canal, a little bit south of where  
5                   we stopped the buses and got out and looked at the  
6                   site. Again, the water tower is located here; the  
7                   transmission towers are off the view.

8                   This is the same view rendered with the  
9                   project site. Again, this landscaping will be  
10                  redone. And you can see one of the stacks here.  
11                  And the transmission interconnect.

12                  This is a longer view from I-580 looking  
13                  northwest -- actually I think that's northeast.  
14                  The Owens-Brockway facility is located here. The  
15                  project site -- this is the Delta-Mendota Canal  
16                  here -- the project site is located behind the  
17                  canal.

18                  This is another view rendered with the  
19                  project. Again, the two turbine stacks, the water  
20                  tower, and the Owens-Brockway facility.

21                  There are a number of environmental  
22                  issues that are addressed in significant detail in  
23                  the application. I'm only going to talk about  
24                  three of the issues today. Typically those are  
25                  the issues that the public has the most concern



1 with.

2 Those issues are air quality, noise and  
3 water resources. The project will incorporate  
4 best available control technology. That's a  
5 requirement of the Energy Commission, of the Air  
6 Resources Board and the San Joaquin Valley Air  
7 Pollution Control District.

8 For NOx the turbines that will be  
9 utilized will have what's referred to as dry low  
10 NOx combustors. They burn gas very efficiently in  
11 the combustion turbine to minimize the emissions  
12 of oxides of nitrogen, NOx. CO, carbon monoxide  
13 and hydrocarbons refer to as EOC.

14 In addition to the combustion  
15 characteristics of the turbine we will also be  
16 using a selective catalytic reduction system that  
17 will use ammonia. In the case of the proposed  
18 project we'll use aqueous ammonia to minimize the  
19 potential for hazardous materials exposure  
20 offsite.

21 There is no offsite release consequence  
22 as we've modeled. And I guess just for, so you  
23 know what we're using, aqueous ammonia, the  
24 household ammonia that you use in your homes is  
25 approximately 10 percent ammonia. The ammonia

1       that we will be using is 26 percent ammonia.  
2       That's very similar to the ammonia that is  
3       typically used in agriculture for fertilizing  
4       purposes.

5               You may have noticed these what they  
6       call nurse tanks, but they kind of look like a  
7       propane tank on wheels. And the agricultural  
8       business typically uses those to inject aqueous  
9       ammonia directly into the irrigation water that's  
10      applied to the farmland.

11             The CO and VOC, carbon monoxide and the  
12      hydrocarbons, again we will be using an oxidation  
13      catalyst. Those BACT requirements for NOx are 5  
14      ppm for the NOx; the CO is 6 ppm; and the  
15      hydrocarbons is 2 ppm. Parts per million, excuse  
16      me.

17             The PM10, we use natural gas and high  
18      efficiency air intake filters. The San Joaquin  
19      Valley Air Pollution Control District has issued  
20      the final determination of compliance for the  
21      project.

22             As I said, and I think that there was a  
23      question on the site visit regarding ammonia. And  
24      the ammonia impact, should we have a release at  
25      the site, what we modeled, our worst case scenario

1       that's modeled assumes that we spill the entire  
2       contents of a truck delivering ammonia to the  
3       site.

4               The volume of that is approximately 6000  
5       gallons. Again, the ammonia that would be spilled  
6       would be 26 percent ammonia. The containment  
7       structure that has been included in the project  
8       design is a buried containment structure with a  
9       capacity of about 8000 gallons.

10              Any spill that would occur during the  
11       unloading would flow into that subsurface  
12       containment structure and be contained onsite.  
13       The emissions, the ammonia release emissions from  
14       that spill, this red dot is the 200 parts per  
15       million, that is the state standard.

16              The significance criteria that is used  
17       by the California Energy Commission is 75 ppm.  
18       You'll notice that that 75 ppm concentration  
19       contour is within the project site. Meaning that  
20       there would be no offsite consequence that would  
21       exceed the criteria used by the Energy Commission.

22              Moving on with air quality. All of the  
23       emission reduction credits have been purchased for  
24       the project.

25              We can apply the best available control

1       technology to the project. There are still  
2       emissions coming out of the stacks from the  
3       project. To mitigate those emissions we have  
4       provided the emission reduction credits. Those  
5       are credits for pollution reductions that have  
6       been evaluated by the San Joaquin Valley Air  
7       Pollution Control District and banked within the  
8       Air Pollution Control District.

9               The ERCs are provided at a ratio greater  
10       than one-to-one, and consistent with the APCD  
11       rules. The ratio ranges from 1.2 to 1.5, and by  
12       that I mean if we have one pound of NOx emissions  
13       coming out of the stack, it would be offset with  
14       1.5 pounds of NOx from the credits acquired from  
15       the Air Pollution Control District bank.

16              The project results in a net air quality  
17       benefit to the region. The reason that there's a  
18       benefit to the region is the emissions from the  
19       project are offset at a ratio greater than one-to-  
20       one.

21              The project is not classified as a major  
22       source under the federal guidelines, which means  
23       it does not require a federal air permit, referred  
24       to as a PSD permit.

25              Noise. As part of the preparation of

1 the application GWF conducted baseline noise  
2 studies in the area of the project. The proposed  
3 project noise attenuation design features that  
4 have been modeled and predicted, predict  
5 contribution levels that are less than 5 dba at  
6 all of the residential receptors.

7 Five dba is the significance criteria  
8 that is used by the Energy Commission to evaluate  
9 the noise impacts on those residential receptors.

10 This is an aerial view of where the  
11 receptors are located. These LT receptors are  
12 long term, meaning that we measured noise levels  
13 over a 25-hour period. The short term are  
14 measured over a one-hour period.

15 Again, this is the project site. This  
16 blue contour that's located here is the 5 dba  
17 line. Anything within that blue contour would be  
18 expected to have a cumulative noise impact greater  
19 than 5 dba. Outside the blue line would be less  
20 than 5 dba.

21 The cumulative noise impact at Lammers  
22 and Schulte here is approximately 1 dba. The  
23 closest residential receptor that we pointed out  
24 on the site visit that's located back over here,  
25 it's approximately .7 mile from the project. The

1 cumulative expected noise impact is slightly less  
2 than 4 dba.

3 Water resources. Typically peaking  
4 facilities don't use a significant amount of  
5 water. This project will use about 30 acrefeet of  
6 water per year. The water is used for evaporative  
7 cooling purposes during the summer months.

8 The efficiency of the turbine is  
9 improved, or the generation capacity is increased  
10 if you control the temperature on the air going  
11 into the turbine. So, again, as you're all aware,  
12 it gets pretty hot in this area during the summer  
13 months. And when the units are running during the  
14 summer we would use water injected into the  
15 turbine inlet to cool the air.

16 The water supply will be from Plainview  
17 Water District. The project has acquired a 40-  
18 acre parcel. There's a 136 acrefoot of CVP of  
19 water entitlement; in other words, a water  
20 entitlement out of the Delta-Mendota Canal that's  
21 held on that 40 acres.

22 The water requirements for the plant are  
23 significantly lower than the entitlement held on  
24 the 40 acres.

25 The project will be a near zero

1 discharge. We will process the wastewater  
2 produced from the water treatment systems. That  
3 water will be treated, and then the water  
4 reclaimed will be recycled back to the process.  
5 And there's about a one-gallon-per-minute of  
6 wastewater that will be collected and then  
7 disposed of offsite.

8 As I pointed out in the aerial view and  
9 the project general arrangement drawing, any storm  
10 water collected on the site will be diverted to a  
11 storm water detention basin for percolation and  
12 evaporation.

13 The environmental benefits, just to  
14 summarize very quickly. The project will help  
15 address the critical energy requirements, shortage  
16 in California beginning this next summer of 2002.

17 The project uses natural gas as a fuel  
18 source. And state of the art air pollution  
19 control systems to minimize air pollutants from  
20 the project.

21 Again, emission offsets have been  
22 provided for NOx, oxides of nitrogen,  
23 hydrocarbons, PM10, sulfur dioxide and carbon  
24 monoxide.

25 One thing that I'd like to point out is

1       that in the case of the hydrocarbons, PM10, and  
2       SO2, the Air District has what they refer to as an  
3       offset threshold, which is an amount of emissions  
4       that can be emitted from a project before emission  
5       reduction credits are required.

6               GWF has provided emission reduction  
7       credits down to zero, which goes beyond what the  
8       District rules require. The other thing that  
9       we've done is the District rules do not require  
10      that we offset the carbon monoxide emissions. And  
11      with the CO, as well, we are offsetting the CO  
12      emissions to down to a level of zero.

13             Again, the water use is minimal for the  
14      project. There are no offsite release  
15      consequences associated with the utilization of  
16      the aqueous ammonia.

17             The economic benefits the project would  
18      bring to the County approximately \$1.5 million a  
19      year in local property taxes; approximately \$3.3  
20      million purchase of local goods and services  
21      during the construction phase of the project. And  
22      during the operating phase, approximately \$160,000  
23      per year in goods and services.

24             We want to be involved in the community  
25      and would expect to actively support the community.



1                   And that concludes our presentation.

2           Thank you.

3                   HEARING OFFICER TOMPKIN: Thank you, Mr.  
4           Wheeler. At this time we'll ask staff -- just a  
5           moment, the Commissioner has questions, so, Mr.  
6           Wheeler, if you'd step back to the mike.

7                   PRESIDING MEMBER PERNELL: Thank you. I  
8           just have a couple of questions. I guess I'll  
9           start with the economic benefit. When you talked  
10          about the construction phase, that \$3.-some  
11          million, and you said per year.

12                   And my question is it's not going to  
13          take -- so we're talking about one year there, and  
14          the per year is a little bit misleading because  
15          it's not going to take but hopefully less than a  
16          year to complete the project. So I just wanted to  
17          point that out. It's not -- I'm not trying to  
18          ding you for it, but it's a little bit misleading  
19          when you say per year for construction goods and  
20          services.

21                   MR. WHEELER: That's correct. The  
22          construction phase is expected to last seven  
23          months. So that \$3.3 million would be spent over  
24          that seven-month period.

25                   PRESIDING MEMBER PERNELL: Okay. And

1       one of the questions on the site from one of the  
2       residents was, as I understand it, was the  
3       cumulative impact of the plant with the biomass  
4       plant and the other things there.

5               Did you do any modeling for the  
6       cumulative impact of the area?

7               MR. WHEELER: Yes, we did. The modeling  
8       that was done for the project used the air data  
9       from the monitoring stations, again San Joaquin  
10      County, which would have included as part of that  
11      baseline, the emissions from the biomass plant,  
12      the Owens-Brockway facility, and all the other  
13      stationary and mobile sources that would  
14      contribute to any pollution going into the air.

15              In other words, we used monitoring  
16      station data to model the impacts of the project.

17              Now, in addition to that we modeled the  
18      expected emissions from one other proposed project  
19      in the area, the Tesla project.

20              PRESIDING MEMBER PERNELL: Okay, and in  
21      that modeling was there any significant adverse  
22      impact to the local community?

23              MR. WHEELER: No, there was not.

24              PRESIDING MEMBER PERNELL: On the  
25      ammonia and the storage of that, and you indicated

1       that, you know, worst case scenario, which I'm  
2       appreciative of your doing, however I didn't hear  
3       anything about how the ammonia is going to be  
4       stored.

5               What type of container is it going to be  
6       stored in?

7               MR. WHEELER:  The aqueous ammonia  
8       storage tank will be a double-wall tank.  The  
9       double-wall tank provides the containment for a  
10      spill if it resulted from a leak in the inner  
11      tank.

12              PRESIDING MEMBER PERNELL:  And that  
13      would also -- or would that prevent any leakage  
14      into the ground, in terms of ammonia actually  
15      leaking into the ground, getting into the water  
16      table, I guess is my question.

17              MR. WHEELER:  Yes, it would.

18              PRESIDING MEMBER PERNELL:  Okay, in  
19      relation to noise, the modeling that you did for  
20      the noise, was the landscaping included in that?  
21      In other words, would the landscaping block some  
22      of the noise?  Or was the modeling done without  
23      the landscaping included?

24              MR. WHEELER:  It's my understanding, and  
25      Dave Stein correct me if I'm wrong, but when we

1 modeled the expected impacts, the landscaping was  
2 not included.

3 MR. STEIN: That's correct.

4 PRESIDING MEMBER PERNELL: Okay. And  
5 the amount of water discharge that would be  
6 discharged off the site, my question is will that  
7 be deposited into the canal that runs along there.

8 MR. WHEELER: No, it will not. That  
9 one-gallon-per-minute wastewater stream will be  
10 collected and disposed offsite. It will actually  
11 be taken to a class two liquid waste facility in  
12 Kern County.

13 PRESIDING MEMBER PERNELL: Okay. Thank  
14 you.

15 HEARING OFFICER TOMPKIN: Thank you,  
16 Commissioner. At this time then we'll have staff  
17 proceed with their presentation.

18 MS. DAVIS: While Mr. Kehoe is getting  
19 set up for me, I'd just like to say welcome. My  
20 name is Cheri Davis. I met some of you last  
21 Tuesday when we had our data response and issues  
22 resolution workshop. At which time we gave very  
23 similar presentations about the project.

24 I have a presentation here, but I don't  
25 have printouts unfortunately, because we had

1 printer problems today. So, if you want a copy of  
2 it, I have my business card up front. You can  
3 take one of those with you and you can either send  
4 me an email requesting that, or if you'd like to  
5 leave me your name and address I'll make sure that  
6 I send that to you.

7 I'll say just a little bit about the  
8 Energy Commission's role in all of this. The  
9 Energy Commission has permitting authority over  
10 thermal power plants 50 megawatts or greater, and  
11 related facilities such as transmission lines,  
12 water supply lines, roads, waste disposal  
13 facilities. And we are the lead state agency for  
14 the California Environmental Quality Act,  
15 otherwise known as CEQA.

16 Actually before I go into this slide I'd  
17 like to just reiterate some points that Susan  
18 Gefter, for the Public Adviser, made earlier about  
19 the different roles within the Energy Commission.

20 With respect to power plant licensing,  
21 there are essentially three roles. We have the  
22 Commissioners, and Commissioner Pernell is one of  
23 the members of our siting Committee for this case.  
24 They make the decision on whether or not to grant  
25 a license to this facility.

1                   Then we have staff. I represent staff.  
2                   Staff conducts the analysis of the application to  
3                   build the facility.

4                   And then we have the Public Adviser's  
5                   Office. And the Public Adviser is the person who  
6                   gave you a presentation earlier. Their role is to  
7                   assist the public in participating in our process.

8                   We also have a three-step licensing  
9                   process. The first stage is data adequacy. We're  
10                  already past that. What that means is that staff  
11                  evaluates the application when it comes in.  
12                  Again, the application, that binder sitting on the  
13                  desk there, it's just one part of the application.  
14                  There's actually two more of those. Lots of data  
15                  that staff goes through, and we need to make sure  
16                  that there's a sufficient amount of information  
17                  there for us to conduct our analysis.

18                  Once it's through data adequacy then  
19                  staff begins its discovery and analysis phase  
20                  during which time we have data requests. That's  
21                  where we ask more questions of the applicant, more  
22                  information needed to conduct our analysis.

23                  We have workshops like the workshop that  
24                  we had last Tuesday. And we produce what's called  
25                  a staff assessment. That's staff's independent

1 analysis of the project.

2 The third phase is where we have  
3 evidentiary hearings and decisions. A little bit  
4 was said about that earlier. The Committee holds  
5 evidentiary hearings where testimony is given.  
6 Then the Committee produces what's called the  
7 PMPD, that stands for Presiding Member's Proposed  
8 Decision. And finally there's a decision by the  
9 full Commission.

10 This graphic shows how all the parties  
11 are related through the different parts of the  
12 process. In this case we're talking about the  
13 staff discovery and analysis process. And you see  
14 in the middle there we have, that's the product  
15 that we're producing, the CEC Staff.

16 Providing input to our analysis is first  
17 of all, the public. And intervenors. And Susan  
18 Gefter talked a little bit about that earlier,  
19 with the Public Adviser assisting both the public  
20 and intervenors participating in the process.

21 Staff also relies heavily on local,  
22 state and federal agencies for information about  
23 the project.

24 And then the applicant, and that's  
25 primarily through the data requests that I talked

1       about earlier.

2               Then this graphic shows how that changes  
3       a little bit when we get past the staff analysis  
4       phase, and we turn this over to the Committee.  
5       What they're producing is the Committee's proposed  
6       decision, and then finally the full Commission  
7       final decision.

8               Again, we have the public. They have  
9       opportunity to comment at that point, as well.  
10      And intervenors can provide testimony with the  
11      Public Adviser assisting. The applicant provides  
12      testimony at that point. The agencies again get  
13      the opportunity to comment. And staff is, at that  
14      point, providing testimony to the Commissioners,  
15      as well.

16              Just a little bit about staff's analysis  
17      of the project. What we're doing is we're  
18      determining if the proposal complies with laws,  
19      ordinances, regulations and standards. We call it  
20      LORS where I work. And we also conduct an  
21      engineering and environmental analysis.

22              We identify major issues; we evaluate  
23      alternatives; identify mitigation measures; and  
24      recommend conditions of certification.

25              The conditions of certification are



1 exactly what they sound like. If this project is  
2 going to be certified, these are the conditions  
3 with which we think the applicant should comply.

4 We facilitate public and agency  
5 participation by having workshops. The staff  
6 product again is called the staff assessment. And  
7 in that staff assessment we make recommendations  
8 to the Committee.

9 I mentioned that staff rely on input  
10 from local, state and federal agencies. And these  
11 are just a few examples. On the local level we  
12 work with the San Joaquin Valley Air Pollution  
13 Control District. And we have Jim Swaney here  
14 from that agency.

15 On the state level we work with the Air  
16 Resources Board. The federal level, the U.S.  
17 Environmental Protection Agency. There's other  
18 agencies involved, as well. These are just a few.

19 So what happens after the staff  
20 assessment? That's where the Committee issues the  
21 Presiding Member's Proposed Decision, again the  
22 PMPD. And it contains findings related to the  
23 environmental impacts, public health and  
24 engineering aspects of the project, as well as the  
25 project's compliance with LORS. Again, that's

1 laws, ordinances, regulations and standards.

2 The Committee recommends conditions of  
3 certification, just like staff did earlier. And  
4 recommends whether or not to approve the project.

5 At that point it's handed over to the  
6 full Commission after there are additional  
7 opportunities to comment on the PMPD.

8 And the final stage is if the project is  
9 certified then the Energy Commission, the CEC,  
10 monitors compliance with all the conditions of  
11 certification for life of the project. And that  
12 includes the closure of the facility.

13 I'll go through this really quickly  
14 because Susan Gefter went through it earlier. We  
15 have an open public process. Workshops and  
16 hearings are noticed 10 to 14 days in advance.  
17 And we do have a mailing list. So, again, I would  
18 encourage you to sign in and get your name on our  
19 mailing list, and you'll get notices of all  
20 workshops, as well as you'll find out when the  
21 staff assessment is going to be available and how  
22 to get a copy of it.

23 And the dockets are available for public  
24 review at the public library, the application for  
25 certification will be available at the Tracy

1       Library as well as several libraries throughout  
2       California.

3               There's a lot of information on the  
4       Energy Commission's website and at the Energy  
5       Commission's library. And then again at the  
6       dockets unit. And if you want information from  
7       the dockets unit probably the best way to get it  
8       is to contact the Public Adviser.

9               And, again, ways you may participate.  
10       Submit written comments or statements to the  
11       Commission. There are public comment forms in  
12       back. We really appreciate getting public  
13       comments in written form, because that way we  
14       don't have to interpret -- first of all, we don't  
15       have to rely on our notes that we've taken at  
16       workshops such as this. And we don't have to try  
17       to interpret what it is that you're saying.

18              If you do provide written comments you  
19       can be assured that we will respond to your  
20       comments in our staff assessment. And you can  
21       also provide oral comments. I don't want to  
22       discourage you from doing that.

23              Become a formal intervenor, and the  
24       Public Adviser talked a little bit about that  
25       earlier.

1                   And providing written comments to the  
2                   staff on the staff assessment. After we have a  
3                   staff assessment, after we produce a staff  
4                   assessment we have workshops. At that point you  
5                   have a chance to -- you have something to comment  
6                   on besides just the applicant's application and  
7                   their presentation.

8                   I won't even try to read this contact  
9                   information. Most of this information also was in  
10                  the Public Adviser's presentation.

11                  And I think that's it, but for the  
12                  issues identification report. Would you like to  
13                  go to public comments first, and then come back to  
14                  this?

15                  HEARING OFFICER TOMPKIN: I think so.

16                  MS. DAVIS: Okay.

17                  HEARING OFFICER TOMPKIN: All right, at  
18                  this time I'll give opportunity for comment and  
19                  question by the public agencies that are present  
20                  here, and I know we have Mr. Jim Swaney from the  
21                  Air Pollution Control District. Did you have any  
22                  comments or questions? All right.

23                  I know we also have Mr. Nick Pinhey from  
24                  the City of Tracy. Did you have any comments or  
25                  questions?

1 MR. PINHEY: No comments.

2 HEARING OFFICER TOMPKIN: Okay. Next  
3 we'll move to the intervenors. We have Sky  
4 Stanfield from CURE. Did you have a question or  
5 comment?

6 Then I guess we'll proceed to questions  
7 and comments from the public. And I've been  
8 handed several blue cards. So I will simply call  
9 off your name and ask you to step forward to the  
10 mike and make your comment or ask your question.

11 The first name I have is Millard  
12 Hampton.

13 MR. HAMPTON: Can I talk just from back  
14 here --

15 HEARING OFFICER TOMPKIN: I'd prefer you  
16 to step to the mike.

17 MR. HAMPTON: Yes. My name's Millard  
18 Hampton. My last name is spelled H-a-m-p-t-o-n.

19 And this project, I have a number of  
20 questions, and I don't know how much time I have,  
21 but I'll try to proceed as quickly as I can.

22 But to me this is the primary issue, the  
23 primary issue of this power plant is our children  
24 and their safety. Many communities are concerned  
25 about power plants, like the movie "Erin

1 Brockovitch". Everyone wants power but doesn't  
2 want it in their neighborhood.

3 Tracy is family community with a passion  
4 for family values.

5 HEARING OFFICER TOMPKIN: I'm going to  
6 ask you to lift your mike so we can hear you.

7 MR. HAMPTON: I feel that all of you  
8 here have the same conviction for your own  
9 families. I hope today you'll have that same  
10 concern for our families as you do yours.

11 One of the questions I have is what is  
12 actually PM10 ambient air quality, and the  
13 violations? And what are the effects on people?

14 PRESIDING MEMBER PERNELL: Okay, we  
15 have -- who wants to take a stab at that?

16 MR. WHEELER: Yeah, David Stein is with  
17 URS, and our consultant. Dave, would you respond  
18 to that, please.

19 MR. STEIN: Sure. Dave Stein with URS.  
20 PM10 is a shorthand notation for something called  
21 fine particulate matter, which is less than 10  
22 microns in size. Ten microns is ten millionths of  
23 a meter; it's a very very small particle. It is  
24 not visible to the naked eye. So, it's very fine.

25 And both the state and federal

1 government have established ambient air quality  
2 standards for PM10 because it has been shown by  
3 public health studies that PM10 can be respired  
4 into the deep lung, and can be associated with  
5 adverse health effects. So we have these ambient  
6 air quality standards.

7 The standards for PM10 are actually  
8 extremely aggressive, and both the state standards  
9 are violated throughout California, and many  
10 people think that it may not be possible to ever  
11 attain the standards that have been set.

12 The federal standards are a little less  
13 restrictive. And we do have background air  
14 quality information in the application that  
15 summarizes the background air quality levels. And  
16 those are reported.

17 I don't know if we want to take time in  
18 a workshop here to review that information, but --

19 PRESIDING MEMBER PERNELL: For the  
20 benefit of those who don't have the application,  
21 perhaps you can summarize the PM10. I think the  
22 speaker is concerned about the health effects on  
23 their community. And so if you can address that  
24 without getting into too much technical detail,  
25 because I'm not a scientist and so --

1                   MR. STEIN: Yes. So these standards  
2                   have been set, and so the way that we evaluate the  
3                   project's impact is to take the projected  
4                   emissions from the proposed facility and we  
5                   simulate the dispersion in the atmosphere with a  
6                   state of the art computer model.

7                   And it takes into account the way the  
8                   wind is blowing and how fast and in what  
9                   direction. And we calculate an impact and compare  
10                  that with the ambient air quality standard.

11                  And the impacts from this facility are  
12                  very small.

13                  If the gentleman would like to look on,  
14                  I can share some of this information with him. In  
15                  the application there's a table 8.1-5 that  
16                  summarizes background air quality. And the  
17                  closest ambient air monitoring station with data  
18                  is in Stockton. And the highest value reported in  
19                  the last five years for a 24-hour average is 150  
20                  micrograms per cubic meter. That is equivalent to  
21                  the federal primary ambient air quality standard.

22                  The state standard is 15 micrograms per  
23                  cubic meter, so a third of that value. So you can  
24                  see how stringent the state standard is.

25                  We also have annual average



1 concentrations for Stockton measuring over a  
2 longer period of time, a full year. And those  
3 values, without going into specifics, range from  
4 about 20 to 30 micrograms per cubic meter. That's  
5 compared with a federal standard of 50 micrograms  
6 per cubic meter, and a state annual standard of  
7 30.

8 The impacts from the plant during normal  
9 operation on a 24-hour average basis would be  
10 about 2 micrograms per cubic meter, relative to a  
11 worst case background of 150. So you can see it's  
12 a very small value compared with background. An  
13 almost imperceptible increase.

14 And for the annual average the maximum  
15 impact is 0.03, or three one-hundredths of a  
16 microgram per cubic meter, compared with a maximum  
17 background of 36.4. So, again, a very very small  
18 incremental increase.

19 PRESIDING MEMBER PERNELL: Okay. Did  
20 that answer your question? Do you have another?

21 MR. HAMPTON: Yeah, just a followup to  
22 that is since there will be a lot of children in  
23 the community, they're going to be breathing this in  
24 for 18 years, you know, from a baby on up.

25 And has there been any study done on the

1 impact of breathing in this sort of air over a  
2 long period of time? Has there been any study  
3 done on, say a child in the community who's born  
4 say 1.2 miles away from the plant, such as where  
5 my home is. And being raised 18 years over a long  
6 period of time breathing in the small parts per  
7 million of PM10.

8 Has there been any study done on the  
9 effects over long-term breathing of PM10?

10 PRESIDING MEMBER PERNELL: Okay, I'm not  
11 aware of any over a 18-year period, and I would  
12 just ask staff or the applicant, ar they aware of  
13 any studies done over a long period of time, and  
14 what's the effects on small kids?

15 MR. STEIN: Let me just add that the  
16 standards are set not by the applicant or by the  
17 Energy Commission, but they're set by the state  
18 and federal government. And they're based on a  
19 whole body of health effects studies that are  
20 reviewed by a blue ribbon panel of scientists who  
21 are appointed by, in the case of the federal  
22 government, they're actually appointed by the  
23 presidential office of the Council of  
24 Environmental Quality.

25 And these are nationally renown

1 scientists who review these studies and determine  
2 what are appropriate levels for what I'll call  
3 clean air.

4 And they are set with a margin of  
5 safety, so they're not setting these standards at  
6 a level where, you know, we're right at the onset  
7 of important health effects. They try to include  
8 a margin of safety. There's actually a  
9 requirement in the federal Clean Air Act for them  
10 to do that.

11 And there's a similar process on the  
12 state level. So, the standards, themselves, have  
13 some margin built into them. And they are based  
14 on health effects.

15 Now, whether or not there are 18-year  
16 studies, I don't know if a study like that has  
17 been done. I can just tell you from my own  
18 knowledge of epidemiology to try to conduct an 18-  
19 year study and isolate the impact of particulate  
20 matter from all of the other many things you could  
21 expose a human and cause health effects is a very  
22 challenging thing to do.

23 So, it's unlikely that there is a study  
24 like that. In fact, there are many people out  
25 there who suggest that there really isn't good

1 evidence for PM10 and adverse health effects,  
2 because the correlations are weak, based on the  
3 fact that there are all these other confounding  
4 environmental influences.

5 But we do have these standards that are  
6 designed to be very protective of public health  
7 and the impacts of the project are very very small  
8 in comparison to those standards.

9 So I think you can rest assured that the  
10 impacts of this project are not going to have an  
11 adverse health impact on anyone in the community,  
12 including children.

13 PRESIDING MEMBER PERNELL: All right,  
14 thank you.

15 MR. HAMPTON: I had a few more  
16 questions.

17 PRESIDING MEMBER PERNELL: Okay.

18 MR. HAMPTON: But you can tell me to sit  
19 down whenever --

20 PRESIDING MEMBER PERNELL: No, go ahead.

21 MR. HAMPTON: -- if I'm too long. Okay.

22 PRESIDING MEMBER PERNELL: We want you  
23 to be comfortable with the project to the extent  
24 possible.

25 MR. HAMPTON: Oh, okay, thank you; and I

1 appreciate that.

2 The next question I have is will the  
3 power generated from this plant be used  
4 specifically for Tracy, or where will this power  
5 be going if not?

6 PRESIDING MEMBER PERNELL: That's a  
7 question to the applicant.

8 MR. WHEELER: The generation --

9 PRESIDING MEMBER PERNELL: You need to  
10 state your name again for the record, please.

11 MR. WHEELER: Doug Wheeler for GWF. All  
12 of the generation from the project will be  
13 delivered into the transmission grid. As you saw  
14 on the site visit, that transmission grid is the  
15 115 line that goes into the Tesla substation which  
16 is the primary hub for distribution within  
17 northern California.

18 That's really all we could say is that  
19 the generation will be distributed in northern  
20 California.

21 MR. HAMPTON: And something I noticed  
22 that a lot of organizations that you mention,  
23 agriculture, are receiving money obviously  
24 probably to get their permits approved.

25 To the community of Tracy is there going

1 to be any benefit whatsoever, say, to the City?  
2 For instance, like property taxes; will there be  
3 any benefit there? Or will there be no benefit at  
4 all for me, as a resident of Tracy, with the  
5 construction of this plant?

6 PRESIDING MEMBER PERNELL: There was a  
7 slide that was done by the applicant that talked  
8 about the economic benefits.

9 Usually the applicant and the City of  
10 Tracy have discussions on that. I'm not sure  
11 where that's at, but I do know that there was --  
12 when the applicant did their presentation there  
13 was a slide on the economic benefits. Perhaps  
14 they can reiterate some of those benefits.

15 MR. WHEELER: The project is located in  
16 the County. So the tax payments would go to the  
17 County. However, the County distributes that  
18 collected tax revenue to the schools within the  
19 County, some of which are located in Tracy.

20 In addition to that, the sales tax would  
21 primarily benefit the City of Tracy.

22 MR. HAMPTON: Okay, my last question is  
23 regarding has there been, going along with air  
24 quality again, because we're talking PM10, carbon  
25 and other chemicals that will be coming from the

1 exhaust, has there been any study -- because I'm  
2 so close -- on rain and weather? For example, a  
3 lot of the power plants generating power, smoke's  
4 coming out, the wind is blowing in the direction  
5 of my home, and it's raining.

6 Has there been any studies on the  
7 effects of that would be on my, you know, on  
8 myself or my children while we're outside?

9 MR. STEIN: This is Dave Stein, again,  
10 for URS. I guess first I'd like to look at the  
11 premise of your question which is that there will  
12 be smoke from the power plant.

13 The fuel for this power plant is natural  
14 gas. And it's a very very clean burning fuel.

15 MR. HAMPTON: Well, the chemicals that  
16 will be coming out of the pipes. Whatever stuff's  
17 coming out of the pipes blowing in my direction.  
18 I'm about a mile and a half away.

19 I'm speaking primarily of -- smoke's  
20 probably a bad term, but the chemicals that are  
21 coming out of the exhaust pipes. I'm about a mile  
22 and a half away. And the wind blowing in my  
23 direction, what effect will that have while it's  
24 raining, with those particles coming down on my  
25 property?

1                   MR. STEIN: Okay, well, again, there  
2                   won't be particles coming down on your property.  
3                   The emissions are coming out from the plant, the  
4                   impacts of those are very very small compared with  
5                   the standards. You've got a number of other, if  
6                   you're concerned about air quality, you've got a  
7                   number of other sources in the community that are  
8                   probably creating a much more significant impact  
9                   for you than the emissions from an elevated stack  
10                  that is hot and has a lot of buoyancy and is going  
11                  to move up and out and disperse pretty effectively  
12                  in the atmosphere.

13                 Whereas, the emissions from vehicles,  
14                  205 on any given rush hour day is a line of cars  
15                  that are all at ground level. And are low  
16                  temperature sources with almost no velocity.

17                 So, that type of source is much more  
18                  important in terms of creating an impact that's  
19                  going to be felt by the community than an elevated  
20                  stack that has a buoyant release.

21                 There are studies that have been done  
22                  that look at, you know, the potential for wash-out  
23                  of pollutants from power plants. Those studies  
24                  tend to focus on much dirtier fuel sources in the  
25                  midwest and east that are burning, you know, high



1 sulfur, high ash coal with older air pollution  
2 controls or no air pollution controls, that are  
3 very different from the type of facility that is  
4 being proposed here.

5 Again, it's clean burning natural gas.  
6 The emissions from that power plant are cleaner  
7 than the emissions that are coming from your  
8 residential water heater on a per unit of heat  
9 basis.

10 So, it's a very clean burning process.

11 PRESIDING MEMBER PERNELL: Okay, now,  
12 Mr. Hampton, I would just add that the California  
13 Air Resources Board has a website. And on that  
14 website is California's various levels of ambient  
15 air quality standards. That's why I got her with  
16 me there.

17 (Laughter.)

18 PRESIDING MEMBER PERNELL: But you can  
19 -- so in terms of the levels that are permitted by  
20 law that's one place you can find those standards.

21 MR. HAMPTON: Okay. And just one last  
22 statement. And I appreciate you giving the public  
23 time, but one of the things I'd like all of you to  
24 consider is -- and ask yourself this question,  
25 would you want to live one mile away from a couple

1 of power plants, such as I do. And, you know,  
2 take that into consideration when making this  
3 decision.

4 Thank you.

5 PRESIDING MEMBER PERNELL: Thank you.

6 HEARING OFFICER TOMPKIN: All right, the  
7 next name is Robert Sarvey.

8 MR. SARVEY: Bob Sarvey, 501 West  
9 Grantline Road. My first question --

10 HEARING OFFICER TOMPKIN: Mr. Sarvey,  
11 could you please raise the mike, we can't hear you  
12 very well.

13 MR. SARVEY: Okay. My first question or  
14 comment is the definition of a peaker plant. My  
15 understanding that a peaker plant was something  
16 that was brought online when we needed to have  
17 maybe a stage 1 or stage 2 or stage 3 emergency.

18 In this case applicant is asking for --  
19 already has a contract to operate this plant for  
20 4000 hours, and is asking to have permission to  
21 operate this plant for 8000 hours.

22 That 4000 hours would be 46 percent of  
23 the year, and 8000 hours would be 91 percent of  
24 the year. To me this is not a peaker plant.

25 So maybe we need to be looking at a more

1       efficient plant. I know the Energy Commission is  
2       asking for peaker plants, but this doesn't seem  
3       the type of plant -- or what you're building here  
4       is not being used for the purpose that you're  
5       saying it's being used for is basically what I'm  
6       trying to say.

7               My next question concerns the questions  
8       from Commissioner Pernell, and maybe you could  
9       read back one of the questions so I don't make a  
10      mistake. He asked would there be any local impact  
11      to air quality. I believe, was that the question?

12             PRESIDING MEMBER PERNELL: Adverse  
13      impact to the community.

14             MR. SARVEY: Thank you. And Mr. Wheeler  
15      replied that no, there would not be. And I want  
16      to quote a article from The Tracy Press. I asked  
17      this question at the last meeting, and was sent on  
18      some various journeys that didn't really get me  
19      the answer that I wanted to get, but here the very  
20      next day in The Tracy Press, Mr. Wheeler says,  
21      "The plant would cause a bit more air pollution  
22      locally. But it would run a lot cleaner than  
23      power plants that are 20 to 30 years old."

24             So it seems that question that you asked  
25      was answered improperly.

1           I also would like to say that under  
2       their application in terms of particulate matter,  
3       the application states that we are already --  
4       let's see, let me find the exact words here so I  
5       don't butcher this -- the results show that the  
6       above pollutants already exceed -- PM10, that is,  
7       with respect to California standards, is already  
8       exceeded in the project area. Therefore, any  
9       additional PM10, no matter how small, would be in  
10      violation of CEQA in my opinion.

11           And offsetting pollution credits in  
12      other areas of the valley does not help us here  
13      locally. So I wanted to point that out.

14           There was also some questions about  
15      local benefits. The \$1.5 million in property  
16      taxes will go to the County, and should properly  
17      go to the City of Tracy because we are the ones  
18      that will be taking the brunt of the impact of the  
19      pollution.

20           As far as the sales tax that will be  
21      contributed to Tracy, as Mr. Wheeler said, we get  
22      1 percent of the sales tax, that's all we get; 7.5  
23      percent, all we get is 1 percent of that. So  
24      that's not a big benefit for us.

25           And I also would like to know how many

1 local jobs will -- how many people will be working  
2 at this plant that are here locally.

3 PRESIDING MEMBER PERNELL: Okay, we got  
4 a couple of questions here, so I'll ask Mr.  
5 Wheeler to step to the mike. And perhaps you can  
6 answer the job question if you know it. I know  
7 that you talked about some local benefits. Do you  
8 have a job number?

9 MR. WHEELER: Yeah. Because this will  
10 be operated as a peaking facility and will be  
11 dispatched by the State of California, the day  
12 before the plant is intended to operate the  
13 operating and maintenance personnel will be  
14 provided from GWF's current operations maintenance  
15 staff located in the Contra Costa County.

16 PRESIDING MEMBER PERNELL: What about  
17 the construction jobs?

18 MR. WHEELER: The construction jobs,  
19 again the construction will occur over a seven-  
20 month period. We plan on constructing this plant  
21 with skilled union labor. Presumably that would  
22 be provided from San Joaquin County, Contra Costa  
23 County, and possibly some of the construction  
24 labor from Alameda County.

25 The peak head count during the

1 construction of the plant will be about 300  
2 employees.

3 PRESIDING MEMBER PERNELL: Okay, and can  
4 you address the air quality question? I know in  
5 your slides you mention that it would be a net  
6 benefit to the area because of the offsets that  
7 you're purchasing.

8 MR. WHEELER: Yeah, we feel that the  
9 project does result in a net air quality benefit  
10 to the air basin. And primarily because we are  
11 providing emission reduction credits well in  
12 excess of those emissions from the project.

13 PRESIDING MEMBER PERNELL: Okay. And I  
14 guess the underlying question here is during your  
15 interview, was that identified -- and I'm alluding  
16 to the newspaper article.

17 MR. WHEELER: I think that that comment  
18 probably came out of the workshop that we  
19 conducted last week. Yeah, I think that, you  
20 know, certainly we're not saying that there are no  
21 emissions from the project.

22 And I think that when I was responding  
23 to the Commissioner's question, the way I  
24 interpreted the question was significant impacts,  
25 air quality impacts, local impacts, the City of

1 Tracy.

2 PRESIDING MEMBER PERNELL: Right. I  
3 think that in reading this that the applicant has  
4 said that it would cause a small amount, and you  
5 mentioned the amount; I'm not -- .00-something.

6 So, I mean it is causing some; it's  
7 not -- and I think in reading this it's saying  
8 that it's not as bad as plants that are 20 or 30  
9 years old. So I'm not --

10 MR. WHEELER: Well, I think that the  
11 specific question that was raised when I commented  
12 in that fashion is the projects that are currently  
13 either being constructed in California, or in the  
14 licensing process, are much cleaner technology.  
15 And those plants, when they're constructed, and if  
16 we're allowed to construct our plant, will  
17 displace much older and much dirtier facilities  
18 that are currently satisfying the energy  
19 requirements of the State of California.

20 PRESIDING MEMBER PERNELL: Okay. Are  
21 there additional questions?

22 MR. WHEELER: I think that there was one  
23 question, the gentleman's first question regarding  
24 the hours that this plant would operate.

25 PRESIDING MEMBER PERNELL: Oh, that's

1 correct. I think it was the definition of a  
2 peaker.

3 MR. WHEELER: Correct. I think as the  
4 gentleman correctly stated, our DWR contract gives  
5 the state dispatch rights to 4000 hours over a  
6 year.

7 We don't know what the demands of the  
8 state are going to be during the peak demand  
9 periods during this coming summer. And into 2003.

10 We thought it was prudent to provide the  
11 mitigation that would allow the plant to operate  
12 in excess of 4000 hours should the state need the  
13 generation on a peak demand basis. That was the  
14 basis for the 8000 hours.

15 MR. GRATTAN: And it was analyzed on a  
16 worst case basis.

17 MR. WHEELER: Yes, and as Mr. Grattan  
18 stated, it was analyzed on a worst case basis.

19 PRESIDING MEMBER PERNELL: Okay.

20 MR. WHEELER: Yeah, I think that as Mr.  
21 Stein emphasized, and I think it's an important  
22 point, the analysis was all based on 8000 hours.  
23 But if the project operates 4000 hours or 3000  
24 hours, that obviously results in much lower  
25 emissions from the plant.



1                   But the plant will be operated as a  
2                   peaker. We don't choose when to operate; it's the  
3                   State of California that dispatches the plant.

4                   And the way the ISO manages the system,  
5                   they don't -- they wouldn't dispatch us or  
6                   schedule us after there's a stage 1 or a stage 2  
7                   or a stage 3 emergency.

8                   The ISO's responsibility is to try to  
9                   forecast what the demand and make sure that  
10                  there's generation available in the system with  
11                  adequate spinning reserve on the grid to prevent  
12                  the grid from going into a stage 1, 2 or 3.

13                  PRESIDING MEMBER PERNELL: Okay, thank  
14                  you. For the benefit of the audience, ISO is  
15                  Independent System Operator. And they control all  
16                  of the electrical grid or the electrical wires to  
17                  insure that there is no one area that's so low  
18                  that the power will go out.

19                  So we're trying to prevent blackouts, I  
20                  guess, is a simple way of putting it.

21                  MR. SARVEY: My point with that question  
22                  was if this was truly a peaker plant then I  
23                  might -- and it was to help the state through an  
24                  emergency, I would be more willing to back this  
25                  plant was the point I was trying to make with

1       that.

2               PRESIDING MEMBER PERNELL:   Thank you.

3               MR. SARVEY:   And now I want to read  
4       something from the applicant's own documents here.  
5       "The cancer and non cancer risk estimates provided  
6       in the HRA represent incremental risks; risks due  
7       to TPP only, and do not include potential health  
8       risks posed by existing background  
9       concentrations."

10              So, basically what I'm saying here is  
11       that we are already in a very severely polluted  
12       environment, and when the plant is being analyzed  
13       the background pollution is not being analyzed in  
14       conjunction with the significant health risks.

15              So I think that's a very important thing  
16       that we need to understand.

17              And also another thing that we need to  
18       understand is the fact that --

19              PRESIDING MEMBER PERNELL:   I'm not sure  
20       that that's correct.   One of the questions that I  
21       asked was did they do a cumulative impact  
22       analysis, and --

23              MR. SARVEY:   I'm reading from their  
24       documents.

25              MR. GRATTAN:   We can explain that if --

1 MR. SARVEY: This is directly from --

2 PRESIDING MEMBER PERNELL: Okay, well,

3 then --

4 MR. SARVEY: -- application.

5 PRESIDING MEMBER PERNELL: -- I would be  
6 interested in an explanation.

7 MR. STEIN: This is Dave Stein again,  
8 consultant for the applicant.

9 When we conduct a health risk assessment  
10 that is a computer simulation that is based on  
11 state refereed guidelines that are established by  
12 the Office of Environmental Health and Hazard  
13 Assessment. It's a special agency that has as one  
14 of its functions the continuous review of  
15 scientific literature to determine what toxins may  
16 be out there that could have potential  
17 environmental health effects; what levels would be  
18 considered safe; and how to determine how people  
19 would get exposed.

20 So, when we do this analysis it's based  
21 on a state refereed set of guidelines. We use  
22 their model; we use their default assumptions; and  
23 we simply provide the parameters for the plant.

24 The guidelines tell us that if the  
25 impacts from an individual project are below a

1       certain level they are considered insignificant,  
2       de minimis. And they're so small that they  
3       really, they're almost an imperceptible increase  
4       in background health risk.

5               So the guidelines tell us in that event  
6       you don't need to bother looking at background  
7       levels, because the guidelines tell us the impacts  
8       are already very very small.

9               If an individual project were to have a  
10       risk that were of a certain level, then the  
11       guidelines indicate that one should then start to  
12       look at background levels to determine whether  
13       there's really some kind of a hot spot that might  
14       be created. That's not the case with this  
15       facility.

16               MR. GRATTAN: If I can -- one other  
17       thing that makes this --

18               PRESIDING MEMBER PERNELL: Mr.  
19       Grattan, --

20               MR. GRATTAN: John Grattan and I'm  
21       counsel for GWF on this.

22               PRESIDING MEMBER PERNELL: Mr. Grattan,  
23       would you spell your last name for the record?

24               MR. GRATTAN: G-r-a-t-t-a-n. Having  
25       demonstrated I can spell my last name, let's see

1       what else we can do now that I've got the  
2       microphone.

3                       (Laughter.)

4                       MR. GRATTAN:  There are two -- the  
5       confusion comes from when you look at criteria  
6       pollutants, which that's what we're talking about,  
7       PM10, particulate matter, NOx, volatile organic  
8       compounds, then when we compare that to  
9       background, we compare the emissions of the plant  
10      to background.

11                      When you look at toxics then you're in  
12      the regime that Dave Stein was talking about where  
13      you have a very conservative baseline where isn't  
14      it you consider the person lives there 70 years --

15                      MR. STEIN:  Yes.

16                      MR. GRATTAN:  -- in the area of maximum  
17      impact.  And that's why you don't have to look at  
18      a background.  Because the modeling assumptions  
19      are so conservative.

20                      MR. SARVEY:  Bob Sarvey again.  I'm not  
21      disputing their requirements of what they have to  
22      do.  What I'm asking is for the Energy Commission  
23      to take into account that we already have a severe  
24      problem, and there is six other plants proposed  
25      for this immediate area.  GWF's plant, Sunlaw

1       Energy Corporation is going to build a 120  
2       megawatt plant west of our town. A 49 megawatt  
3       peaker plant is proposed southwest of Tracy on 1.5  
4       acres at Lammers and Valpico Road.

5               And as we all know, there's two very  
6       large projects, the Altamonte project, and also  
7       one here at Midway and south of 580, which are  
8       1000 and 1100 megawatt projects.

9               So, I'm not at issue with what their  
10      requirements are. I'm only asking the Energy  
11      Commission to take that into consideration on  
12      approval of this project.

13              Another question I have on risk  
14      assessment, you analyzed ammonia plumes on site in  
15      case of an ammonia spill. Have you done any  
16      analyzing of a fire and a toxic cloud that would  
17      ensue from the consumption of the ammonia in a  
18      fire? Our biomass plant has caught fire probably  
19      three times in the last 12 years, so that's a very  
20      major concern.

21              Me, I live a half mile away from the  
22      biomass plant.

23              MR. WHEELER: Doug Wheeler, GWF. I'm  
24      not sure what the original of the biomass plant  
25      fires were. They do burn wood, and it's not

1 uncommon for the wood pile to catch on fire.

2 There's nothing in this plant that is  
3 combustible. The ammonia is not anhydrous, it's  
4 aqueous, and doesn't represent a fire hazard.

5 MR. SARVEY: I believe we're speaking of  
6 a plant that will be located on I believe it was a  
7 24-inch gas pipeline. In the event of a gas  
8 pipeline explosion there, I would assume that the  
9 ammonia would be consumed. I would like to know  
10 what the effects of that toxic cloud would be.  
11 And I would also like to know what your plan of  
12 action is in case this happens.

13 PRESIDING MEMBER PERNELL: Let me ask  
14 that another way. Is there an emergency plan for  
15 the site for any unforeseen accident, whether it's  
16 fire or whatever?

17 MR. WHEELER: There will be an emergency  
18 response plan that will be developed for the  
19 project that will address any potential fire  
20 hazard or emergency condition. But we will work  
21 with the local fire department to develop that  
22 plan.

23 PRESIDING MEMBER PERNELL: Thank you.

24 MR. SARVEY: Since we're being asked to  
25 give a favorable or non favorable response to the

1 plant, I think that that's an important  
2 consideration.

3 Also recently terrorists have threatened  
4 our gas pipelines and power plants. Have you  
5 planned any additional security at this plant in  
6 the eventuality of this?

7 MR. WHEELER: The events of post  
8 September 11th certainly have caused us to  
9 reevaluate how we provide security for any of our  
10 operating facilities. And even though the peaker  
11 plant will not operate continuously and will be  
12 staffed by O&M folks from our Contra Costa plants,  
13 the facility will be fenced. It will be locked.  
14 And it will have 24-hour, seven-day-a-week  
15 security service for the facility.

16 MR. SARVEY: Are the turbines used at  
17 your plant the same type of turbine engines that  
18 are used in commercial airlines?

19 MR. WHEELER: The gas turbines proposed  
20 for this project are commonly referred to as  
21 industrial turbines, frame machines. And they are  
22 not the type of gas turbine that's used on  
23 aircraft.

24 MR. SARVEY: I read in your documents  
25 that you were in violation of a county noise



1 standard. And I was wondering what mitigation had  
2 been agreed upon for that.

3 MR. WHEELER: I'm not sure what county  
4 standard you're referring to.

5 MR. SARVEY: Okay, I've got it right in  
6 front of me.

7 PRESIDING MEMBER PERNELL: Can you  
8 identify the --

9 MR. SARVEY: The noise impact  
10 calculations indicate that the normal operational  
11 noise level from the proposed power plant is 46  
12 dba at the nearest residential receptor location.  
13 This calculated level is above the design  
14 objective and the San Joaquin County noise  
15 standard.

16 MR. WHEELER: Dave Stein, can you  
17 respond to that question?

18 MR. STEIN: Do you have a page number?

19 MR. SARVEY: It's page number 8.5-7.

20 PRESIDING MEMBER PERNELL: Can we go off  
21 the record a minute, please.

22 (Off the record.)

23 PRESIDING MEMBER PERNELL: Back on the  
24 record, please. Dave, would you state your name  
25 again.

1                   MR. STEIN: Dave Stein, again, with URS.  
2                   On that same page, just a couple of sentences  
3                   down, for that reason the sentence then reads, an  
4                   additional sound barrier is proposed to satisfy  
5                   the design objective and achieve compliance with  
6                   the San Joaquin County standards.

7                   So there's mitigation proposed for that  
8                   small increase, if necessary.

9                   PRESIDING MEMBER PERNELL: So you're  
10                  saying that you're going to have a sound wall?

11                  MR. STEIN: Yes.

12                  PRESIDING MEMBER PERNELL: I didn't see  
13                  that in the presentation of the -- that the  
14                  applicant made in the beginning.

15                  MR. STEIN: Yeah, there's a --

16                  PRESIDING MEMBER PERNELL: There is  
17                  renderings?

18                  MR. STEIN: Yeah, there's an acoustical  
19                  enclosure around the transformer which is one of  
20                  the sources of noise in the plant.

21                  PRESIDING MEMBER PERNELL: So this is in  
22                  the switchyard?

23                  MR. STEIN: Yes. And it's there to  
24                  prevent excessive noise at the nearest residence.

25                  PRESIDING MEMBER PERNELL: Okay.

1                   MR. WHEELER: Does that respond to the  
2 question?

3                   PRESIDING MEMBER PERNELL: Yeah, I think  
4 what has been proposed, and it's always a little  
5 difficult taking the pages out of context, but I  
6 think what has been proposed here, in terms of  
7 that page, is a sound barrier in the switchyard to  
8 cover that. And that's part of a mitigation.

9                   So, are there any other --

10                  MR. WHEELER: Well, I think part of the  
11 confusion that comes out of the question is when  
12 we modeled the impact of the proposed facility I  
13 think, as the gentleman read, if we didn't have  
14 any mitigation sound attenuation features designed  
15 into the plant as project features, there would be  
16 expected exceedances of the County standard.

17                  But it's that analysis that we used to  
18 design the enclosures around the gas turbines, the  
19 sound walls around the transformer facilities to  
20 bring the predicted noise impacts into compliance  
21 with the County standards.

22                  PRESIDING MEMBER PERNELL: Okay, thank  
23 you.

24                  MR. SARVEY: The City of Tracy has a  
25 proposed development, I believe it's called South

1       Schulte, 5500 acres that's very close to your  
2       plant.

3               How does your plant noise and pollution  
4       emissions affect the City of Tracy's ability to  
5       complete this project?

6               MR. WHEELER: The project did not  
7       consider any impacts associated with the South  
8       Schulte development plan. As I understand, that  
9       5500-acre development is part of the County's  
10      general plan, and the planning the City has done.

11              To my knowledge there have been no  
12      permits submitted to move that development  
13      forward.

14              PRESIDING MEMBER PERNELL: Has the City  
15      or County, Mr. Wheeler, complained about the  
16      project with their proposed general plan?

17              MR. WHEELER: We have not had any  
18      comments relative to the development plans either  
19      from the County or from the City of Tracy.

20              PRESIDING MEMBER PERNELL: Thank you.

21              MR. SARVEY: Since the City of Tracy  
22      will not be participating in the property tax  
23      money from your plant, have you pledged some sort  
24      of amenities to the City of Tracy in terms of  
25      dollar amounts or some facilities that you would

1 build in the future for them?

2 MR. WHEELER: I think as I've stated at  
3 the workshop last week and here this evening, GWF  
4 wants to be an active participant within the  
5 community of Tracy. And would certainly be  
6 responsive to projects that the City of Tracy  
7 feels that may be appropriate for GWF to  
8 participate in. We don't have anything specific  
9 at this point.

10 I think, as we stated last week at the  
11 workshop, GWF has acquired equipment for the City  
12 of Tracy that would be used in firefighting  
13 efforts. That equipment would be primarily used  
14 in the City of Tracy. And we have helped the  
15 school out with a scoreboard.

16 But, again, we don't have anything  
17 specifically designed. But we want to be an  
18 active part of the community.

19 MR. SARVEY: You mentioned that in April  
20 you had executed a contract with the Department of  
21 Water Resources for 4000, I believe, hours a year.  
22 It's probably not acceptable for you to reveal the  
23 contract price per megawatt, but if you could I  
24 would like to hear that.

25 I would also like to know will I be

1 required to subsidize your plant on my PG&E bill?

2 PRESIDING MEMBER PERNELL: Well, you  
3 know, at some point I'm going to have to cut this  
4 off, I mean --

5 MR. SARVEY: Well, I'm almost done. I  
6 got one question left, that's it.

7 PRESIDING MEMBER PERNELL: Okay, but I  
8 think that there's now way he's going to know what  
9 effect it's going to have on your PG&E bill.

10 MR. SARVEY: Okay.

11 PRESIDING MEMBER PERNELL: We really --

12 MR. SARVEY: I'm sorry.

13 PRESIDING MEMBER PERNELL: -- have to --

14 MR. SARVEY: I'm sorry, I apologize.

15 PRESIDING MEMBER PERNELL: -- stick to  
16 the -- okay. What's your final question?

17 MR. SARVEY: Oh, you're going to make me  
18 choose. That's okay, I just want to thank you all  
19 for giving me the opportunity to speak, and GWF  
20 for their honest answers.

21 PRESIDING MEMBER PERNELL: And thank  
22 you.

23 HEARING OFFICER TOMPKIN: All right, our  
24 next speaker will be John Burnett.

25 MR. BURNETT: My name is John Burnett,

1       B-u-r-n-e-t-t. I'm a concerned citizen of Tracy.  
2       And the one question I wanted to ask was is there  
3       alarm probes in the double containment on the  
4       ammonia tank.

5               MR. WHEELER: Yes. The volume between  
6       that inner tank and outer tank would be  
7       continuously monitored; and should we have a leak  
8       in that inner tank, that would be identified.

9               The other thing that probably should  
10       mention that we did mention earlier that the  
11       storage of the ammonia will be in the double-wall  
12       containment tank. The pumps that will pump the  
13       ammonia into the SCR system and that piping  
14       manifold system will have a containment structure  
15       around it. So if we have any leaks that develop  
16       either in the piping or in the pumps, that  
17       spillage would be collected in that 8000 gallon  
18       subsurface containment tank.

19              MR. BURNETT: Thank you, Mr. Wheeler.  
20       As a concerned citizen, also I want to go on  
21       record to say that with all the hazards that we  
22       have in this life, I believe that the benefits of  
23       the power plant would overshadow most any of the  
24       pollutants that it would create.

25              I know some people don't believe in that

1 type of thinking, but we do live in an industrial  
2 atmosphere in the United States. And we have to  
3 take some of this in consideration.

4 And that's all I have to say. Thank you  
5 very much.

6 PRESIDING MEMBER PERNELL: Thank you,  
7 Mr. Burnett.

8 HEARING OFFICER TOMPKIN: All right, our  
9 next speaker will be Ena Aguirre.

10 MS. AGUIRRE: My name is Ena Aguirre.  
11 And my address in Tracy is 937 West Street, 95376.

12 HEARING OFFICER TOMPKIN: Pick up the  
13 mike, and also spell your last name, please.

14 MS. AGUIRRE: Okay. My name is Ena,  
15 E-n-a Aguirre, A-g-u-i-r-r-e. My address is 937  
16 West Street, Tracy 95376.

17 And I would like to start by first of  
18 all thanking the Commissioner for being here. And  
19 the staff for giving us a chance to listen. And  
20 the applicant for opening our eyes as to what  
21 they're doing. And the audience for being here,  
22 and for all of us trying to participate in the  
23 process.

24 I would like to start by sketching for  
25 you orally to take a look at Tracy and what we are



1       surrounded by. Within 20 to 25 miles of here, if  
2       you go over to the Bay Area there are two  
3       superfunds. One of them is called Sandia in  
4       Spanish, which is Sandia. And then we have a  
5       Lawrence Livermore Laboratory.

6               Both of those are federal superfunds.  
7       The federal government does not, you know, take  
8       very lightly, it takes a long time to apply that  
9       particular status to areas in a community. That's  
10      the first thing.

11             The second thing is within less than 10  
12      miles of where we are right here we have another  
13      superfund. And that is called Site 300. That is  
14      the closest superfund that we have at this point.  
15      No, actually there is another one that is closer  
16      than that. But anyway we do have Site 300, which  
17      is again a federal superfund.

18             The next one is within 20 miles when we  
19      look at Stockton. There is a Rough-N-Ready  
20      Island. That is also has been labeled a  
21      superfund.

22             And then less than two miles from where  
23      we are right now we have the Defense Depot,  
24      another superfund.

25             So, I think it's important that you take

1       into consideration why some of us are so concerned  
2       about this. Because unless you put, you know, a  
3       building of a plant in our plans within the  
4       context of Tracy and the surrounding pollution  
5       that we have, it's extremely difficult to  
6       understand why some of us are so concerned. Not  
7       only about ourselves, but also about the children  
8       and about those of us who have all kinds of  
9       illnesses, you know, heart condition, asthma,  
10      arthritis, whatever.

11               Second of all, I would like to discuss  
12      the notion that California, as a state, has an  
13      energy shortage. There is no energy shortage  
14      right now. The state is selling energy right now.  
15      Just about for pennies on the dollar.

16               Now, every day of the last week there  
17      have been at least two articles in each newspaper  
18      about the fact that the state is selling energy.  
19      So, at this point there is no energy shortage.

20               Now, the next summer there may be. But  
21      we do not have a shortage at this point. And,  
22      because of the number of sitings that have been  
23      done by the Energy Commission, you know, it  
24      doesn't look like the state is going to have a  
25      shortage.

1                   So, some of us look at this as being  
2                   superfluous. So, maybe we are wrong, right? I  
3                   mean all I read is between two and four newspapers  
4                   a day because I love to read. So, you know, and  
5                   this is where I'm getting most of my information  
6                   about that.

7                   Now, as to the particular, you know,  
8                   plant, I would like to start by discussing the air  
9                   quality. Now, I think that the people that are  
10                  asking to have this plant approved are -- make a  
11                  point of trying to confuse us. They keep on  
12                  saying San Joaquin Valley, you know, Air Quality  
13                  District.

14                 And I want to be sure that everybody  
15                 understands that the San Joaquin Valley Air  
16                 District goes from Lodi to Bakersfield. It is not  
17                 San Joaquin County. And whenever a question is  
18                 asked of the applicants about San Joaquin County  
19                 they keep on talking about San Joaquin Valley air  
20                 quality. That's different.

21                 Most of us know and understand that most  
22                 of the pollution, you know, I mean the heavy  
23                 pollution, is down in Fresno and Bakersfield. So  
24                 when they talk about the fact that they are  
25                 cleaning San Joaquin Valley, what they're saying

1 is that whatever they're going to buy is going to  
2 do down there to clean it over there. It's not  
3 going to benefit us who live here in Tracy. It's  
4 not going to do that, because they are going to  
5 buy it from the San Joaquin Valley, okay, Air  
6 District.

7 The second thing that I would like to  
8 talk about is the -- the second thing has to do,  
9 well, I already mentioned the difference between  
10 that. Now, water resources.

11 We, in Tracy, have had for the last two  
12 years a very interesting circumstance that there  
13 are a whole bunch of people that want to continue  
14 building houses here. But we don't have water.

15 And finally, you know, most people in  
16 Tracy have realized, you know, that there's really  
17 very little water available. And that they have  
18 to slow down the building of homes.

19 So, my question has to do, they're  
20 saying that they're going to be using 30 acrefeet  
21 of water per year. How many homes would that  
22 water be able to, you know, be used by instead of  
23 having, you know, the plant -- this plant do it?

24 And my next question had to do, there  
25 was a statement made that water is one, whatever

1 is reclaimed for each hour. But we never got -- I  
2 mean I didn't understand how much, you know, use,  
3 how much water is used each hour by this plant.

4 So, that's one question. It may be  
5 because, you know, I didn't go to the public  
6 library and spend five hours going through that  
7 thick book. First of all, I didn't get one of  
8 those thick books. So I would have to go to the  
9 library and spend five hours there pulling through  
10 that trying to understand what it is that they're  
11 talking about.

12 The next thing, the economic benefits to  
13 the County. And, again, we who live in Tracy, and  
14 you know, I lived in San Francisco for 25 years,  
15 and I still have a home in San Francisco that I go  
16 to a lot of times.

17 And I'm aware of pollution and all of  
18 that because my house in San Francisco happens to  
19 be in Bayview Hunters Point. In Bayview Hunters  
20 Point we have a lot of problems with pollution,  
21 too. And we are surrounded by four superfunds.  
22 Bayview Hunters Point Shipyard being the biggest  
23 one. And the water, you know.

24 So, I've learned a lot. And I was, you  
25 know, -- the house that I have here, that's going

1 to be my retirement once I stop going to meetings.  
2 I'm going to hibernate in my house and read and,  
3 you know, do other things.

4 So, you know, I've taught myself a lot  
5 of the stuff in here. So the economic benefits to  
6 the County. Now, the applicant mentioned the fact  
7 that he was going to give some jobs. And that the  
8 jobs that he's going to have are going to be  
9 primarily through the labor council, you know, the  
10 labor union.

11 Well, those of us who are Latino or  
12 African-American, we know that it is very  
13 difficult for Latinos and African-Americans to get  
14 jobs through the unions simply because, you know,  
15 the first step into the union is taking a whole  
16 bunch of tests, classes and stuff.

17 But, at the same time you have to have  
18 enough money, sometimes between \$300 and \$500, to  
19 buy all the tools that you may need for whatever  
20 trade you have decided, you know, to get into.

21 So I look, you know, when I hear labor  
22 unions being involved I worry about the fact that  
23 we have a lot of Latinos and African-Americans and  
24 poor whites in Tracy that are looking for jobs,  
25 but they're not going to be able to benefit. I

1 don't know who's going to benefit, but it  
2 certainly is not going to be us over here.

3 So, those are the questions; unless the  
4 applicant is going to put together a program that  
5 will, in fact, fund let's say an internship to the  
6 labor unions where, you know, any applicants from  
7 the City of Tracy who do not have the money or the  
8 background to work, might be able to get that kind  
9 of help to become, you know, members of a union.  
10 And those of us who are, you know, who are Latinos  
11 or Africa-Americans are, you know, not going to be  
12 able to benefit.

13 So those were really my questions. I  
14 have a whole bunch of other ones, but, you know, I  
15 think I hit the points that I wanted to hit.

16 Thank you.

17 PRESIDING MEMBER PERNELL: Thank you  
18 very much.

19 HEARING OFFICER TOMPKIN: The next  
20 speaker will be Charles Tusso.

21 MR. TUSO: Charles Tusso, 27249 South  
22 Lammers Road in Tracy. I hadn't planned on coming  
23 up and speak, but I will.

24 HEARING OFFICER TOMPKIN: Would you  
25 please spell your last name?

1                   MR. TUSO: T-u-s-o. My question's  
2                   somewhat different than most of the other people  
3                   who have been up here. I was wondering if the  
4                   applicant had done any kind of a study to see what  
5                   effects this would have on adjoining landowners'  
6                   property values. If there's been a study like  
7                   that done.

8                   PRESIDING MEMBER PERNELL: Applicant.

9                   MR. WHEELER: We haven't completed a  
10                  study. We have been asked by some of the  
11                  residents in the Redbridge development to do a  
12                  similar analysis, and we are working on that.

13                  The basis for that analysis is to look  
14                  at property values near the projects that GWF has  
15                  developed over the past ten years in California.

16                  We can certainly provide a copy of that  
17                  to Mr. Tusso when it's completed.

18                  PRESIDING MEMBER PERNELL: Do you have a  
19                  general estimate of when that will be completed?

20                  MR. WHEELER: I know that it's in  
21                  process. I can't give you a completion date. But  
22                  I think we want to be responsive to the question  
23                  that has been raised. We certainly understand  
24                  that there is concern over whether the project is  
25                  going to have an impact on the property values,



1 and we're trying to get that information together  
2 just as quickly as we can. We want to be  
3 responsive to the question.

4 MR. TUSO: The reason for my question  
5 is, you know, we're a little more than just a  
6 homeowner in the neighborhood there. My family  
7 and my extended family probably own in the  
8 neighborhood of 700 to 800 acres adjoining the  
9 project here. So, it's future development land,  
10 and we have a very major concern.

11 PRESIDING MEMBER PERNELL: Mr. Tusso, can  
12 you make sure that you get the applicant's  
13 information and they get yours so that once that  
14 study is complete you can get a copy of it.

15 MR. TUSO: I have one last question.  
16 And that would be if it's determined that there is  
17 a decrease in the land value, what are they going  
18 to do about it? What mitigation will there be?

19 PRESIDING MEMBER PERNELL: I can't  
20 answer that. I guess we would have to wait until  
21 the study comes out to see what effect it would  
22 have.

23 MR. TUSO: We'd just like to know what  
24 mitigation there would be if there's a  
25 determination that there is a devaluation of our

1 property.

2 PRESIDING MEMBER PERNELL: I can't -- I  
3 mean mitigation is a process that we use for the  
4 applicant and another entity to come to some  
5 agreement. And to mitigate whatever adverse  
6 impact there is. And I can't speak to the  
7 mitigation if I don't know what the adverse impact  
8 is.

9 MR. TUSO: Maybe I'm using the wrong  
10 term. It should be, if there's a devaluation of  
11 our property will we be paid for the devaluation,  
12 I guess is what I'm asking, due to the facility.

13 PRESIDING MEMBER PERNELL: And, again, I  
14 can't answer that.

15 MR. TUSO: Okay, that's fine. Well,  
16 that's my question, so I appreciate the  
17 opportunity.

18 PRESIDING MEMBER PERNELL: Thank you.

19 HEARING OFFICER TOMPKIN: Our next  
20 speaker will be Janice Johnson.

21 MS. JOHNSON: Janice Johnson,  
22 J-o-h-n-s-o-n. And I have two questions. The  
23 first is for the CEC. I was wondering how you  
24 define a peaker plant.

25 PRESIDING MEMBER PERNELL: Peaker

1 plants, as I understand them, are facilities that  
2 are brought on, they're a single cycle facility.  
3 And the reason they call them peaker plants is  
4 they're brought on when the state needs the power  
5 during the peak period. And the peak periods are  
6 during the summer when everyone has their air  
7 conditioning on, and there's a lack of power.

8 And so the state has said that we need a  
9 number of these plants strategically located in  
10 areas where, for example, San Francisco where  
11 there's not enough, regardless of whether the  
12 state, and this goes to another question,  
13 regardless of whether the state has enough power  
14 down south, whether it's enough power that we can  
15 get that power from down south up to certain areas  
16 in the state, is in question.

17 And so we have peaker plants -- we're  
18 proposing peaker plants located in strategic areas  
19 to make sure that the grid has enough power to  
20 keep the electricity flowing. That's the long  
21 answer.

22 The short answer is peaker plants are  
23 designed to come on when the state has a need for  
24 additional power to help support the grid.

25 MS. JOHNSON: Okay, so as I understand

1       it, it's a single cycle turbine; and the benefit  
2       of that is it comes online within ten minutes, I  
3       believe I read that in a quote from you, Mr.  
4       Wheeler.

5               It comes online in ten minutes. It's  
6       much less efficient than a combined cycle plant.  
7       And it's to meet the summer air conditioning load  
8       which is approximately noon to 6:00 five days a  
9       week, three months out of the year, which is about  
10      500 hours.

11             And so I'm confused about why we're  
12      calling the Tracy Peaker Plant a peaker plant.  
13      It's operating it sounds like a minimum of 4000  
14      hours a year, and maybe as much as 8000 hours a  
15      year.

16             So, I'm confused on why are we calling  
17      this a peaker plant.

18             PRESIDING MEMBER PERNELL: Mr. Wheeler.

19             MR. WHEELER: The peaking facility or  
20      the peaker plant, I think, as the Commissioner  
21      described, is an asset, a generating asset that  
22      the state would use during peak periods when  
23      there's a projected -- when there's a shortage of  
24      generation in the system against the demand.

25             When you look at a simple cycle gas

1 turbine, you're correct, one of the benefits of  
2 the peaker and why it fits and why the state  
3 believes, and GWF agrees with the state's  
4 approach, is these peakers can be dispatched very  
5 quickly. We can be up to full load and have  
6 generation going into the system within ten  
7 minutes.

8 The larger plants, the more efficient  
9 plants, the combined cycle facilities take much  
10 longer to bring up. They don't lend themselves to  
11 a peaking type application. And that's why the  
12 contracts that the state entered into on the big  
13 combined cycle plants will run 24 hours a day,  
14 seven days a week.

15 With respect to the efficiency, these  
16 are state of the art gas turbines. And they are  
17 much more efficient than the peaking resources  
18 that the state currently uses. Both from a heat  
19 rate, an efficiency standpoint of how much fuel is  
20 used to make a kilowatt. And also from an air  
21 pollution control perspective.

22 As I mentioned earlier, the peaker that  
23 we hope to develop will be much cleaner than the  
24 peakers that are currently being used to satisfy  
25 the peak load that the Commissioner described.

1 MS. JOHNSON: So it sounds like you're  
2 comparing a single cycle to maybe a 20-year old  
3 fossil fuel plant? I mean, is that correct? What  
4 are you comparing this to?

5 MR. WHEELER: Well, to the extent that  
6 the fossil fuel plants that were sold by the  
7 utilities to private entities are operated at some  
8 minimum load, if you started up that fossil fuel  
9 plant it takes some time to bring that up from a  
10 cold condition.

11 What I was really comparing it to are  
12 there are other gas turbines that the state relies  
13 on that are much less efficient from an energy  
14 utilization perspective, and they're much dirtier  
15 from an air quality perspective.

16 But my comment was specifically to the  
17 gas turbine peaking facilities that are currently  
18 being used by the state.

19 MS. JOHNSON: All right, thank you for  
20 that explanation. You mentioned, Mr. Wheeler,  
21 that your plant, this plant, will be dispatched  
22 the day before the plant needs to operate, is that  
23 how the plant will operate?

24 MR. WHEELER: That's correct. The  
25 contract that we have with the Department of Water

1 Resources, they would schedule the plant and  
2 reserve it the day ahead.

3 MS. JOHNSON: Okay, so my question is  
4 would you please consider installing a combined  
5 cycle turbine, which is much more efficient? The  
6 reason being that we are in the midst of a  
7 residential area. This plant is two miles upwind  
8 from two elementary schools, that would be Hirsh  
9 Elementary School and Poet Christian Elementary  
10 School.

11 And if it does indeed operate 8000 hours  
12 a year, which I'm sure would truly be the desire  
13 for their revenue stream, I would like to see that  
14 we have the most efficient plant possible, which  
15 would be a combined cycle, not a simple cycle.  
16 So, would you consider that?

17 MR. WHEELER: Absolutely. In fact, we  
18 tried to convince the Department of Water  
19 Resources that the proposed peaker should be a  
20 combined cycle facility.

21 Where DWR was, that we were negotiating  
22 our contract, they had what they felt was an  
23 adequate combined cycle capacity already  
24 contracted for.

25 There is an option in our DWR contract

1       that is elected at the option of the Department of  
2       Water Resources to convert the plant to a combined  
3       cycle facility, but DWR has not exercised that  
4       option.

5               MS. JOHNSON: Okay. Then just one other  
6       philosophical question about locating peaker  
7       plants in areas that have unhealthy ozone levels.

8               According to the EPA, between 1997 and  
9       1999 the San Joaquin Valley had 80 days where the  
10      ozone levels were unhealthy, and downright harmful  
11      to children, adults and people with respiratory  
12      problems.

13              And I'm just curious, I know that power  
14      plants product NOx; and NOx are what contribute to  
15      the deterioration of the ozone. So, why would you  
16      put a peaker plant in an unhealthy ozone area?

17              MR. WHEELER: I'm going to turn the  
18      question over to Dave Stein with URS. But, just  
19      one comment before I turn it over. As we  
20      indicated earlier, when we site one of these  
21      facilities there are a number of elements that are  
22      important to where you locate the facility.

23              And those factors are the availability  
24      of transmission; is there adequate capacity.  
25      Where would the interconnection point be. The



1 further the distance from the interconnection  
2 point there are other environmental impacts that  
3 come into play.

4 The same thing would apply to the  
5 natural gas supply. Where is that going to come  
6 from. If it's some distance, then there are other  
7 impacts associated with that.

8 And, again, we believe that the way  
9 we've analyzed the project, as it relates to the  
10 air quality impacts, the gist of the question, as  
11 I understand it, is why would we want to locate a  
12 plant so close to the community.

13 And again, we think that the mitigation,  
14 the controls that we're using, the mitigation make  
15 this a very safe plant. And I'll turn it over to  
16 Dave to respond to the ozone exceedance question.

17 MR. STEIN: Your question, I think, gets  
18 to the general philosophy of how does an Air  
19 District plan or manage an air shed that's not in  
20 compliance with an ambient air standard. Do they  
21 just shut down all growth and not allow any new  
22 developments in an area. That's one approach.

23 But that's not the approach that the  
24 state and the federal government have determined  
25 as the most appropriate way to deal with air

1       quality management.

2               What we want to do is we want to make  
3       progress toward clean air, but at the same time we  
4       want to have a vibrant economy so that we continue  
5       to have jobs, the economy grows and, you know,  
6       that's important, as well.

7               So the way that air quality planning  
8       agencies accomplish that is that they conduct  
9       what's called a new source review program. That  
10      allows for some level of emission increase, but in  
11      exchange for that emission increase those sources  
12      need to find a way to reduce air pollution  
13      somewhere else. And they do it through the  
14      generation of emission reduction credits that are  
15      openly traded through a banking system.

16              So, there are some increases, but there  
17      are also decreases. And if you look at the basin,  
18      as a whole, the program is set up so that  
19      regionally there is a continual decline in  
20      emissions that would cause ozone.

21              So, this plant fits right into that  
22      scheme. There is some small localized increase  
23      associated with this plant. I don't think  
24      anybody's minced any words about that. We can  
25      calculate some, you know, very small value.

1                   But in exchange for that, GWF has  
2                   located corresponding emission reductions that far  
3                   exceed the amount of the increase that they're  
4                   going to be permitted to emit.

5                   And, in addition, the offsets that  
6                   they've provided are based on, you know, the  
7                   outside possibility that the State of California  
8                   would ask them to operate the plant for 8000  
9                   hours. When, in reality, it's likely it will  
10                  operate substantially less than that.

11                  So, in addition to providing the over-  
12                  offsetting for 8000 hours a year, to the extent  
13                  that it operates less than 8000 hours a year,  
14                  that's an additional air quality benefit.

15                  So, I think, you know, this project  
16                  contributes to a regional reduction in emissions.  
17                  Ozone is a regional air quality problem. It's not  
18                  a localized air quality problem. The emissions  
19                  that contribute to ozone formation, NOx and VOC  
20                  get emitted in the atmosphere, and it takes them a  
21                  long time to react to form the ozone.

22                  And so it's a regional problem. And so  
23                  this offsetting program that the air quality  
24                  agencies have devised is a way of tackling that  
25                  while allowing the economy to be vibrant.

1                   PRESIDING MEMBER PERNELL: Thank you.

2                   MR. STEIN: Just one other comment I'd  
3 like to follow up with. What we haven't included  
4 in our analysis, I mentioned that if this project  
5 is allowed to be built it will displace other  
6 dirtier generation, peaking plant generation.

7                   I think everyone is aware that the air  
8 emission from the Bay Area, there is some  
9 transport that occurs from the Bay Area into the  
10 Valley. And I think as the lady pointed out, the  
11 San Joaquin Valley is very long. Tracy is at the  
12 front end of that.

13                  But the point is that I firmly believe  
14 that there are air quality benefits that will  
15 result from this project that have not been  
16 included in the analysis. And I think that the  
17 state moving projects like this forward is a good  
18 thing and not a bad thing.

19                  Thank you.

20                  PRESIDING MEMBER PERNELL: Thank you.

21                  HEARING OFFICER TOMPKIN: All right, our  
22 next speaker will be Brian Keszenheimer.

23                  MR. KESZENHEIMER: Good evening.

24                  My name is Brian Keszenheimer, it's  
25 K-e-s-z-e-n-h-e-i-m-e-r. Thanks for giving me the

1 opportunity to talk tonight. I just have a few  
2 questions, questions keep popping up all night, so  
3 I'll try to make this brief.

4 Can you confirm or deny the knowledge  
5 that there are several power plants proposed in  
6 the Tracy area already currently, other than this  
7 one?

8 PRESIDING MEMBER PERNELL: I think we  
9 can confirm that.

10 MR. KESZENHEIMER: Okay. Do you know  
11 how many, I guess? There's five?

12 PRESIDING MEMBER PERNELL: Six.

13 MR. KESZENHEIMER: Six, okay. Has the  
14 cumulative effects of these several power plants  
15 going up in this area been evaluated? The  
16 cumulative effects on air quality been evaluated?

17 PRESIDING MEMBER PERNELL: Yeah,  
18 typically what happens is the application comes  
19 into the Commission, and until it gets to this  
20 process and we are assured that the project will  
21 get built, that's when we do the cumulative  
22 effects.

23 I've asked the question and I'm sure  
24 staff is going to follow up on this for the  
25 cumulative effects of existing facilities, coupled

1 with the proposed applications. But we don't do a  
2 cumulative effects on future projects because they  
3 haven't been, or at least not to the development  
4 stage yet.

5 MR. KESZENHEIMER: So it's possible that  
6 the future projects may be denied if it's deemed  
7 that the effects of emissions from those plants  
8 exceed air quality standards in the air?

9 PRESIDING MEMBER PERNELL: Well, those  
10 future projects would have to do a cumulative  
11 effects. So if you're the last one down the line,  
12 you got to do the cumulative effects on existing.

13 MR. KESZENHEIMER: Okay.

14 MS. DAVIS: Commissioner Pernell, can I  
15 just clarify something about our cumulative air  
16 impacts analysis?

17 We do consider other power plants and  
18 projects that have applied for a permit.

19 MR. KESZENHEIMER: Oh, okay. That's  
20 good to know.

21 MS. DAVIS: If they haven't applied then  
22 it's very difficult for us to consider them,  
23 but --

24 MR. KESZENHEIMER: I understand. I  
25 understand.

1                   PRESIDING MEMBER PERNELL: And we need  
2           you, Ms. Davis, to identify yourself for the  
3           recorder.

4                   MS. DAVIS: Cheri Davis. D-a-v-i-s.  
5                   (Laughter.)

6                   MR. KESZENHEIMER: Just a generic  
7           question. I know this might be a little  
8           convoluted, but why was the Tracy site proposed?  
9           Were there other sites or alternate sites that  
10          were proposed? And why was Tracy, or why is Tracy  
11          being ultimately decided?

12                   And if it doesn't happen here, what  
13          would be your alternate site?

14                   MR. WHEELER: We did look at alternative  
15          sites. And, again, the other sites were rejected  
16          primarily because of the linear requirements, that  
17          is the transmission interconnect requirements  
18          where the gas interconnect requirements and the  
19          water interconnect requirements.

20                   MR. KESZENHEIMER: You touched on that  
21          earlier about the impacts on the effects of the  
22          distance of the power plant from these sources.

23                   Is it true that that is also an economic  
24          impact to the company to offset those  
25          environmental impacts? Is that why, it's more

1 cost prohibitive? Or is it genuinely just an  
2 impact in the environment, if you have to move out  
3 your power plant to a, you know, farther distance  
4 from the city?

5 MR. WHEELER: Well, certainly if there  
6 are significant transmission interconnect, gas  
7 interconnect, water interconnect costs it would  
8 increase the capital cost of the facility, would  
9 make it more costly to construct, that's an  
10 accurate statement.

11 MR. KESZENHEIMER: Right, right, okay.  
12 So what exactly are the -- I'm sorry, not the  
13 economic, the impacts to the environment that  
14 would be realized if the plant was moved out to a  
15 farther location? What types of things  
16 specifically would we -- what would the impacts  
17 be, I guess?

18 MR. WHEELER: Well, I think the first  
19 one that comes to mind on the transmission  
20 interconnect, two of the sites would have required  
21 a different routing that eventually to the Tesla  
22 substation, but you get into biological habitat  
23 impacts. When you get up into the foothills you  
24 get into the San Joaquin kit fox range.

25 You may have the same issues associated



1 with a gas line interconnect. But it's primarily  
2 biological habitat impacts.

3 MR. KESZENHEIMER: Thank you. You  
4 touched briefly on these credits, these emissions  
5 credits that you trade like a bank. Is it true  
6 that decreases made in these emission credits, or  
7 that you add into these emission credits from --  
8 I'm not quite sure how the system works, I'm  
9 trying to understand it.

10 Is it true, though, that this process  
11 may help regionally, but may have an impact  
12 locally? So it may offset regionally the air  
13 quality, but locally there still may be some  
14 increased emissions?

15 I don't know if I'm explaining that  
16 correctly. I apologize if I'm not.

17 MR. WHEELER: Well, I think, as we  
18 explained during the workshop, when you look at  
19 the local impacts, those impacts that are closest  
20 to the site, that's where the modeling becomes a  
21 very important tool. And how the applicant, what  
22 type of controls the applicant is proposing as  
23 part of the project.

24 MR. KESZENHEIMER: When models were run  
25 regarding the plant emissions and the impacts on

1 air quality, were the wind currents taken into  
2 effect?

3 MR. WHEELER: Dave Stein, would you like  
4 to address that question.

5 MR. STEIN: Yes, the wind currents were  
6 taken into account. We use a meteorological data  
7 set. The model actually reads a file that has  
8 actual hourly observations of wind speed and wind  
9 direction and other atmospheric conditions that  
10 the model uses to simulate dispersion. And that  
11 was taken from a Tracy data collection point  
12 provided by the Air District.

13 MR. KESZENHEIMER: Oh, I see, okay.  
14 Thank you. So just a clarification on the air  
15 quality measurements that were taken in order to  
16 feed data into the modeling.

17 These measurements were taken, I thought  
18 i heard earlier that they were taken in Stockton?  
19 Or you just mentioned now that there were some  
20 made in Tracy, is that correct?

21 Can you tell me the extent of these  
22 measurements and where they were located, as well,  
23 just briefly?

24 MR. STEIN: The data that I was -- let  
25 me stand this way so the audience can see me --

1       the data that I was referring to just now is wind  
2       speed and wind direction and other atmospheric  
3       conditions that would be used by the model to  
4       simulate the movement of a plume through a series  
5       of mathematical calculations. So that data was  
6       taken locally.

7               The background air quality, the way we  
8       do that is the State of California, the California  
9       Air Resources Board, operates a fairly extensive  
10      air quality monitoring network throughout the  
11      state, including a number of stations here in the  
12      San Joaquin Valley.

13             As you might guess, a collection of the  
14      ambient air quality data is not cheap. It's very  
15      expensive to gather that data because those  
16      monitors have to be maintained, they have to be  
17      calibrated. Somebody has to go out and collect,  
18      in the case of particulate matter, actually has to  
19      go out and collect the samples. They have to be  
20      brought back and weighed and there's a fairly  
21      labor intensive process that is involved in  
22      gathering this data.

23             So, as much as we'd like to know what  
24      the air quality is on every street block, the  
25      financial realities of collecting the data

1 restrict our ability to do that.

2 So, when we try to characterize  
3 background air quality we look to the statewide  
4 network that is operated in the San Joaquin  
5 Valley, and any other stations that the District  
6 may operate independently to supplement that  
7 information. And we pick the stations that are  
8 the closest to the site.

9 In the case of particulate matter it  
10 turns out that the closest station with  
11 particulate matter data is in Stockton. And so  
12 that's why the background data came from there.

13 There are other pollutants where we  
14 actually have background information right here in  
15 Tracy. And unfortunately we didn't have that for  
16 particulate matter.

17 MR. KESZENHEIMER: Thank you. That  
18 leads me to my next question. So, how accurate do  
19 you think that those measurements are from  
20 Stockton, as far as ambient particulation  
21 measurements in relation to Tracy? It is a  
22 sizeable distance, it's not next door, so I don't  
23 know if --

24 PRESIDING MEMBER PERNELL: Let me just  
25 say that all -- the applicant is doing their

1       analysis, but we have the Air Quality District  
2       also going to take a look at those. And they -- I  
3       mean these numbers will be verified by a number of  
4       agencies, including our staff.

5               So, you know, in terms of the accuracy  
6       if it's not we will know it.

7               MR. KESZENHEIMER: Sure. I guess the  
8       question I'm asking is will these measurements be  
9       made for the plant, if seriously considered,  
10      closer to home? In other words, are we going to  
11      get ambient measurements to know that the impacts  
12      locally -- because obviously if this plant goes up  
13      there's going to be some sort of measurement  
14      equipment in place to measure possible pollutants  
15      in the environment locally. I don't know what the  
16      company's going to have to be responsible for  
17      within their site, but there should be a baseline.

18              And I'm concerned that the baseline in  
19      Stockton may not be adequate for Tracy's needs.

20              MR. STEIN: It's a good question. What  
21      I should have added and didn't is that when the  
22      state and the air districts select which places to  
23      monitor, there are a number of factors that they  
24      take into consideration in placing a station.

25              They want it to represent background air

1       quality, to not be unduly influenced by a specific  
2       point source in the area, so there are a lot of  
3       factors that go into where they pick the stations.

4               But one of the things that they do try  
5       to do is they try to select -- they're actually  
6       looking for violations. They're trying to pick  
7       the places where they think the air quality will  
8       be the worst. Because if they can manage the air  
9       quality at the bad places, everywhere else --

10              (Parties speaking simultaneously.)

11              MR. STEIN:  -- should be better.

12              MR. KESZENHEIMER:  -- should be better,  
13       right.

14              MR. STEIN:  So, from that perspective I  
15       have no doubt that Stockton, from a particulate  
16       matter standpoint, has been determined to be a  
17       more degraded air quality place for PM10 than  
18       Tracy, and that's the reason the monitor's there  
19       and not in Tracy.

20              MR. KESZENHEIMER:  Sure.  Thank you,  
21       again.  One more technical question on the  
22       operation of the facility.

23              If it's a peaker plant then obviously  
24       it'll be coming up to speed and down again several  
25       times.  As the plant comes up and down frequently

1 will there be spikes in the pollution output, as  
2 the plant comes up to optimal running conditions?  
3 And was that determined in the models, what the  
4 effects of that would be, also, I guess?

5 MR. WHEELER: Yeah, Dave, why don't you  
6 respond to that?

7 MR. STEIN: We did look at a couple of  
8 different situations. We actually looked at the  
9 emissions that would be conservatively expected  
10 during the commissioning of the plant, where  
11 you're just starting to get things in operation.

12 And then we also evaluated impacts  
13 during startup and shutdown events where you are  
14 going through transient conditions, changing  
15 conditions, and things are not operating at their  
16 most optimum level.

17 So all of that was included in the  
18 application. And, you know, again, the conclusion  
19 that we reached was that relative to background  
20 levels, the impacts from the plant are very small.

21 MR. KESZENHEIMER: Thank you. And  
22 actually thank you for making that last comment,  
23 because that's my next question. I hear  
24 references to small values. Exactly under what  
25 conditions were these small values determined?

1                    Obviously there's an optimal condition  
2                    at which we can always measure what it is we want  
3                    to measure; there's always ways to make things,  
4                    you know, we take our cars to get smogged at the  
5                    gas station and they sit there and play with the  
6                    throttle, I guess, or whatever it is they do to  
7                    get optimal readings from their equipment.

8                    Under what conditions were these  
9                    measurements determined, and is that realistic, I  
10                   guess? Obviously, it would be realistic, but --

11                   MR. STEIN: That's another good  
12                   question. The way that the computer model works  
13                   -- well, the way ambient air quality standards are  
14                   set is they are set with something called an  
15                   averaging time in mind. And that's based on --  
16                   it's tied back to the health effects literature.

17                   If the health effects literature  
18                   suggests that, for example, for NO2 there's a  
19                   possibility of a short-term health effect for a  
20                   one-hour period, that's the basis for a one-hour  
21                   standard.

22                   There's health criteria that are  
23                   identified that are the basis for that standard.  
24                   That's why they call certain pollutants criteria  
25                   pollutants, that there's actually a health effects



1 criterion in mind in how the standard was set.

2 So, every pollutant doesn't have the  
3 same averaging time. For NO2 we have a state one-  
4 hour standard. The federal government, in its  
5 infinite wisdom, decided that one hour is not  
6 really important, but long term is. We have an  
7 annual standard for the federal standard.

8 For carbon monoxide we have a one- and  
9 eight-hour average standard, and so on and so  
10 forth. PM10 is 24-hour and annual average.

11 So for each pollutant there are  
12 different averaging times that we look at. Well,  
13 to run these models you can get to spending a lot  
14 of time trying to figure all this stuff out.

15 The way that the computer handles that  
16 is that it continuously keeps track of impacts in  
17 a one-hour bin, a three-hour bin, an eight-hour  
18 bin, a 24-hour bin, and then it looks at all the  
19 hours in the record. And for the annual average  
20 it simply conducts the average in that bin.

21 MR. KESZENHEIMER: Sure.

22 MR. STEIN: For the shorter averaging  
23 periods, it picks the highest value. So when the  
24 model spits out a one-hour average value at a  
25 particular location, that's the worst hour it

1 found out of 8760 hours, which is the number of  
2 hours in a year.

3 MR. KESZENHEIMER: Okay.

4 MR. STEIN: So it's conservative in that  
5 way.

6 MR. KESZENHEIMER: I see. Good. Thank  
7 you for the explanation. That's all the questions  
8 I have. I just want to close by saying that, you  
9 know, power plants have a negative connotation,  
10 obviously. There's a fairly good turnout tonight.  
11 And I just want to say, you know, I came to the  
12 country to get away from the byproducts of the  
13 cities. And what appears to be happening is the  
14 effects of those expansions are following us out  
15 to the country.

16 And unfortunately it appears that we're  
17 attracting power plants and their byproducts  
18 instead of corporate headquarters, or corporations  
19 to help fuel our economy here.

20 Do you -- I mean, personally, I ask you,  
21 you know, do you want a power plant in your  
22 backyard? I know I don't. Especially if there's  
23 no direct benefit of these plants to Tracy, or the  
24 inhabitants. So I think it's one of the reasons  
25 why we're all here tonight, and I think that

1        hopefully that'll be considered in the  
2        implementation.

3                Thank you very much for your time.

4                PRESIDING MEMBER PERNELL: Thank you.

5        And we have one last speaker. And, please, if you  
6        have questions about something that's already been  
7        covered, let's not be redundant, please.

8                HEARING OFFICER TOMPKIN: And that  
9        speaker is Megan Ivey.

10               MS. IVEY: Hi. I'm Megan Ivey, it's  
11        I-v-e-y. My address is 40 Woodland Lane. And I  
12        just have some quick questions.

13               Do you have any other peaker plants that  
14        you've built in California that are online now or  
15        have been built in the last year? And whereabouts  
16        are they?

17               And the future projects that are being  
18        proposed, are they being proposed by your company  
19        to build these other power plants? And, if so,  
20        are they gas o nuclear or what type of plants are  
21        they proposing to build, the other six I believe  
22        you mentioned?

23               And how many peaker plants do we need to  
24        help relieve our power shortage that we're being  
25        made aware of in California?

1                   MR. WHEELER: GWF has constructed and  
2                   commissioned another peaker project in California.  
3                   That project was commissioned around the first of  
4                   September. It's a 90 megawatt facility that's  
5                   located within the City of Hanford, California.

6                   That project has been operated as a  
7                   peaking facility through this last summer.

8                   GWF has one other peaking power plant  
9                   that is currently being processed by the Energy  
10                  Commission. It's another peaking power plant.  
11                  That plant is located near the City of Lemoore in  
12                  Kings County.

13                 As far as the other six plants that were  
14                 referred to, GWF is not involved in the  
15                 development of any of those six plants.

16                 As far as the question why all the  
17                 peaking power plants, all I can tell you is the  
18                 Department of Water Resources is no longer  
19                 contracting for peaking power. And they satisfied  
20                 what they felt were the appropriate capacity  
21                 requirements through the contracts they did with  
22                 GWF and others during this past summer.

23                 MS. IVEY: Okay. And this power that  
24                 we're going to be generating from this peaker  
25                 plant that you're proposing, you had said

1 something about a grid where they are going to  
2 have all this energy stored, and then disperse it,  
3 correct?

4 PRESIDING MEMBER PERNELL: Well, it's  
5 not stored. With electricity you can't store --

6 MS. IVEY: It's dispersed.

7 PRESIDING MEMBER PERNELL: -- it, but  
8 it's dispersed on the grid, yes.

9 MS. IVEY: Okay, and will this be  
10 dispersed exclusively in California, or will we be  
11 selling this to other states?

12 MR. WHEELER: Our contract with the  
13 State of California specifically prohibits the  
14 sale of that electricity outside the State of  
15 California.

16 MS. IVEY: Good. Okay, that's all the  
17 questions I have, thank you.

18 PRESIDING MEMBER PERNELL: Thank you.  
19 We will take a ten-minute break; then we're coming  
20 back with staff's issue identification. And then  
21 we'll do a schedule and a wrap-up.

22 So, if you could hang around, I do thank  
23 you for coming if you can't, but, we'll take a  
24 ten-minute break.

25 (Brief recess.)

1                   PRESIDING MEMBER PERNELL: We will now  
2                   ask staff to present their issue identification  
3                   report.

4                   MS. DAVIS: Cheri Davis, Project  
5                   Manager.

6                   In early November staff put out a staff  
7                   issues identification report. I put copies on the  
8                   back table, although I don't know if I had enough  
9                   copies for everyone.

10                  The purpose of the staff issue  
11                  identification report is to inform all  
12                  participants in the process, the public, the  
13                  Commissioners, the applicant, everyone, about  
14                  potential issues that staff has identified with  
15                  the project. And it allows us to focus early on  
16                  in our analysis on those potential issues.

17                  We have some criteria that we use for  
18                  what issue is worth putting in this report. First  
19                  are impacts that may be difficult to mitigate.  
20                  Noncompliance problem with LORS, again that's  
21                  laws, ordinances, regulations or standards.  
22                  Potentially contentious issues, or issues that may  
23                  impact the schedule.

24                  We identified three areas, air quality,  
25                  socioeconomics, and transmission system

1       engineering with potential issues.

2               For air quality I have two items here  
3       that we identified in the issues identification  
4       report, and then one issue that was not in the  
5       staff's report, but I'd like to raise at this  
6       time.

7               In the report we expressed concerns  
8       about errors and omissions in the applicant's  
9       model for air pollution. And we posed data  
10      requests of the applicant. We've gotten answers  
11      to most of those questions, and we have confidence  
12      that we're going to get the remaining information  
13      from the applicant in order to conduct the  
14      modeling of the direct impacts from the power  
15      plant.

16              We also expressed concerns about  
17      increases to the existing PM10 ambient air quality  
18      violations, a subject that's been discussed much  
19      tonight.

20              And at this time we are confident that  
21      we have enough information to evaluate all of the  
22      feasible mitigation measures for PM10.

23              The issue that was not raised in the  
24      staff identification report is an issue that we  
25      talked a lot about tonight, and that's about the

1 scope of the cumulative air impacts analysis.

2 The cumulative air impacts analysis that  
3 was performed by the applicant concerned only one  
4 of the other power plants in the area. And, as  
5 has been discussed, there are at least a few  
6 others.

7 I know some of the power plants that are  
8 mentioned in these articles that people are  
9 referencing have not been filed yet with the  
10 Energy Commission. That means there's not enough  
11 information there to conduct an analysis. And  
12 it's possible that they won't be filed with the  
13 Energy Commission. That happens quite often.

14 However, we are in the process of  
15 determining what that scope should be for the  
16 cumulative air impacts analysis. And by scope I  
17 mean what projects should be included in that  
18 analysis.

19 At this time these air quality issues,  
20 we aren't aware of any problems this would pose  
21 for the schedule. However, certainly in the area  
22 of cumulative air impacts analysis, it can be a  
23 complex issue, and so I'd just like to make that  
24 point that there's always the potential for  
25 scheduling impacts.



1           The two other areas were socioeconomics  
2           and transmission system engineering.

3           PRESIDING MEMBER PERNELL:   Excuse me.  
4           Can I ask you a question on that, the cumulative  
5           impacts, because you're correct, that's been a  
6           topic of discussion tonight.

7           So you will identify what projects or  
8           proposed projects that will go into that study?

9           MS. DAVIS:   Yes.

10          PRESIDING MEMBER PERNELL:   And then  
11          request the information from applicant?  Or will  
12          you be doing the study, yourself?  Or both?

13          MS. DAVIS:   Yes.  I don't think we've  
14          determined at this time whether the applicant or  
15          staff or both will be doing it.

16          PRESIDING MEMBER PERNELL:   But there  
17          will be a study on the cumulative impacts --

18          MS. DAVIS:   Yes.

19          PRESIDING MEMBER PERNELL:   -- of these  
20          proposed plants?

21          MS. DAVIS:   Yes.

22          PRESIDING MEMBER PERNELL:   Okay.

23          MS. DAVIS:   All those in the --  
24          typically we look at a six-mile radius.  And if  
25          there's a project of significant size just outside

1       the six-mile radius we would consider that, as  
2       well.

3               The six-mile radius is chosen, and this  
4       is what I'm told by the air quality analysts, that  
5       beyond six miles, when you look at the cumulative  
6       air impacts, that the sum total becomes -- or the  
7       mixing of the two becomes negligible. And so it's  
8       sort of not worth the extra effort to include  
9       those projects.

10              PRESIDING MEMBER PERNELL: Okay.

11              MS. DAVIS: For socioeconomic, the  
12       Public Resources Code requires an applicant, for  
13       the four-month process, to contract with a general  
14       contractor, and contract for an adequate supply of  
15       skilled labor to construct, operate and maintain a  
16       thermal power plant.

17              And the applicant talked a little bit  
18       about this tonight. So, staff wanted to have  
19       evidence of those contracts. While we don't  
20       actually have the evidence yet from data  
21       responses, we are confident that we'll be getting  
22       that.

23              HEARING OFFICER TOMPKIN: Can I just ask  
24       a quick question in terms --

25              MS. DAVIS: Yes.

1                   HEARING OFFICER TOMPKIN:  -- of timing.  
2           You're going to do this impact study, but you  
3           didn't indicate a timeframe of when we could  
4           anticipate that information.

5                   And similarly you say you're confident  
6           you're going to get this information regarding the  
7           contracts.  Could you give us kind of a timeframe  
8           when you make these statements so we could have an  
9           idea of how this is going to proceed?

10                  MS. DAVIS:  For the cumulative air  
11           impacts analysis I'm not sure I can give you a  
12           timeframe.  I did say that I didn't expect it at  
13           this time to impact the schedule.  And I think  
14           that's about all I can say at this point.

15                  We are in the process of deciding what  
16           should be the scope of this analysis.  And once  
17           we've done that, then we could better answer the  
18           question.  Because obviously the more projects we  
19           consider, potentially the more time it would take  
20           to perform the analysis.

21                  As for the socioeconomics issue, could  
22           the applicant comment on what the timing will be?

23                  MR. WHEELER:  The EPC contractor has  
24           been selected for the project.  It's Black and  
25           Veatch.  That contract is very close to being

1 completed and should be in place and fully  
2 executed by the 5th of December. And Hal Moore is  
3 our engineering manager with GWF. Is that an  
4 accurate reflection of our expectation?

5 MR. MOORE: Yes.

6 MR. GRATTAN: And that contract will  
7 have a requirement, that Black and Veatch  
8 contract, with skilled union labor to construct  
9 the plant. The plant will be operated by GWF's  
10 existing personnel, as we've operated and  
11 maintained by GWF existing personnel. So that  
12 should be the wrap on all of that.

13 As long as I have the microphone, --

14 PRESIDING MEMBER PERNELL: Could you  
15 spell your last name?

16 (Laughter.)

17 MR. GRATTAN: Yes, John Grattan. I made  
18 the previous statement.

19 I just want to say with respect to the  
20 cumulative impact analysis, as the applicant I  
21 guess sometimes you feel like you have to paint a  
22 picture of the sunset, you can't mix colors fast  
23 enough.

24 But with respect to the data at the time  
25 and the information at the time of filing the

1 application, we followed to the letter the Energy  
2 Commission's regulations about what projects had  
3 we taken into account.

4 Since then I guess there has been one  
5 more application. Well, that applicant, Tesla,  
6 has taken into account the other two projects.  
7 So, you know, I suggest that in the Energy  
8 Commission's docket is a cumulative, and even more  
9 current cumulative impact analysis. And if  
10 applications come in the meantime, well, those  
11 applicants have to take into account the projects  
12 that came before. So there's nothing being lost  
13 on this.

14 MS. DAVIS: Cheri Davis again. Yes, we  
15 are aware of the cumulative air impacts analysis  
16 that was performed for the Tesla case. And most  
17 likely we will be using that as a basis for the  
18 cumulative air impacts analysis. However, staff  
19 do have some problems with the Tesla analysis, so  
20 I can't just take it as is.

21 In the area of transmission system  
22 engineering, staff found that the system impact  
23 study was inadequate for evaluating the  
24 transmission system impacts from this project.

25 And the applicant has, just today,

1 docketed a revised system impact study. I was  
2 waiting for a new study, that was before I knew it  
3 was being docketed today.

4 Our staff will need time to evaluate  
5 this new system impact study. We predict that it  
6 will take three weeks to review and produce their  
7 draft staff assessment. And then we need  
8 approximately two weeks to go through, review and  
9 revisions, formatting, printing and such.

10 And so if we were to incorporate the  
11 findings from the system impact study in staff  
12 analysis, we would need five weeks from today,  
13 which would be approximately the first week in  
14 January.

15 Which leads me to the schedule. Do you  
16 have a question?

17 PRESIDING MEMBER PERNELL: Well, my  
18 question is going to be would that impact the  
19 schedule? It would impact the schedule. We're  
20 going to talk about the schedule after your  
21 presentation.

22 MS. DAVIS: In fact, my next slide is  
23 the schedule, if you'd like me to go straight to  
24 that?

25 PRESIDING MEMBER PERNELL: Okay. Please

1 continue.

2 MS. DAVIS: This schedule is the  
3 proposed schedule from the issue identification  
4 report. So I'd just like to walk through that  
5 briefly, and then address the matter of  
6 transmission system impacts.

7 PRESIDING MEMBER PERNELL: This schedule  
8 is predicated on the four-month schedule?

9 MS. DAVIS: Yes, it is.

10 PRESIDING MEMBER PERNELL: Okay.

11 MS. DAVIS: Yes. So staff proposed the  
12 schedule with the four-month expedited process in  
13 mind.

14 And a lot of these dates have already  
15 passed. The application was filed, obviously.  
16 And was deemed data adequate.

17 We issued our data requests in late  
18 October. And the applicant has responded to  
19 those. Although we still are getting a few more  
20 of the data responses coming in.

21 We held our data response and issues  
22 resolution workshop last week. Today we're doing  
23 the information hearing and site visit.

24 I'm not sure where to stand to make that  
25 sound go away.

1 (Off-the-record discussion.)

2 MS. DAVIS: We proposed to file our  
3 staff assessment on December 17th. Hold a  
4 workshop on that staff assessment approximately  
5 January 3rd. And file an addendum to the staff  
6 assessment, if that is necessary, on January 8th.

7 As I mentioned just a few moments ago,  
8 transmission system engineering, if we were to  
9 incorporate staff's analysis of the new system  
10 impacts report into the staff assessment, we would  
11 be looking at the first week in January, as  
12 opposed to December 17th, for the filing of the  
13 staff assessment.

14 There is always the option of filing a  
15 staff assessment that does not include that  
16 element. And if cumulative air impacts also ends  
17 up being an item that we can't complete before  
18 December 17th, that also would be omitted, and  
19 addressed in staff's addendum.

20 HEARING OFFICER TOMPKIN: Cheri, how  
21 many technical areas would you not expect to make  
22 the staff assessment, if this is the case? If we  
23 have like a bifurcated staff assessment?

24 MS. DAVIS: Potentially air quality and  
25 transmission system engineering. Just two.



1 HEARING OFFICER TOMPKIN: Okay, so would  
2 both of them be ready at the same time?

3 MS. DAVIS: Given the complexity of the  
4 cumulative air impacts analysis, I couldn't say  
5 for sure. I imagine at this point that it would  
6 be the transmission system engineering that is  
7 holding up the schedule the most.

8 And so I would say probably yes, they  
9 would be ready at the same time.

10 HEARING OFFICER TOMPKIN: Okay.

11 PRESIDING MEMBER PERNELL: Okay. All  
12 right, so, Cheri, are you done?

13 MS. DAVIS: Yes.

14 PRESIDING MEMBER PERNELL: Okay, I want  
15 to talk a little bit, so I want to be clear on  
16 where we are with the schedule.

17 Does the applicant have any concerns  
18 about staff recommendations for the schedule?

19 MR. GRATTAN: Do we have a microphone?

20 PRESIDING MEMBER PERNELL: I don't know  
21 why I asked that question.

22 (Laughter.)

23 MR. GRATTAN: John Grattan, and I'm  
24 going to just briefly address, and then I'd like  
25 Doug Wheeler, at least to speak to the

1 transmission study.

2 As we have mentioned at the data  
3 adequacy point, we have a requirement that this  
4 project be online during the month of June -- I'm  
5 sorry, during the month of July.

6 This is a frame type machine which makes  
7 it a more difficult construction than an aircraft  
8 derivative. We're talking about winter  
9 construction here. And we're concerned with  
10 holding the line on the schedule to something in  
11 late January or early February.

12 I would hope that we could get a  
13 complete staff assessment on the 17th of December.  
14 We're certainly willing to, you know, to work  
15 things out. I think I'd like to turn the  
16 microphone over to Doug Wheeler, at least on the  
17 transmission issue.

18 MR. WHEELER: We don't feel that there  
19 are any -- transmission impact study, as it was  
20 revised by PG&E -- we don't believe that the study  
21 raises any significant issues.

22 Our proposal would be to work with the  
23 staff to respond in a timely fashion to any  
24 questions that they may have. And then, if need  
25 be, to bring PG&E into those discussions to get

1 resolution to any issues that staff may have  
2 quickly.

3 I guess what I'm saying is we're  
4 committed to work with staff to satisfy their  
5 analysis requirements on the transmission impact  
6 study.

7 As it relates to cumulative impacts, we  
8 make the same commitment that we will work with  
9 the staff to make sure that the cumulative impacts  
10 that they feel need to be analyzed in this project  
11 are turned around quickly for their review and  
12 consideration, and inclusion in their staff  
13 assessment.

14 MS. TOWNSEND-SMITH: May I ask you just  
15 a couple of questions. On your transmission  
16 study, they're not reconductoring -- they didn't  
17 recommend reconductoring. What was the other term  
18 you used, I wasn't familiar --

19 MR. WHEELER: There are two mitigation  
20 approaches that are identified in the system  
21 impact study. One is reconductoring; the other is  
22 re-rating. We have requested the re-rating  
23 option. Both of those mitigation measures are  
24 acceptable to PG&E and acceptable to the  
25 Independent System Operator.

1 MS. TOWNSEND-SMITH: Can you tell me  
2 what re-rating consists of?

3 MR. WALKER: Let me turn it over to Hal  
4 Moore; he's the GWF Engineering Manager.

5 MR. MOORE: My name is Hal Moore. And  
6 re-rating, what they do is the overloads that were  
7 indicated in our study are emergency overloads.  
8 Those are not normal system operations. They're  
9 where certain transmission for generation that is  
10 normally in place is out of service, and it causes  
11 a temporary overload.

12 What they do is a normal transmission  
13 line is rated for a certain ambient temperature  
14 and for a certain wind speed in that area. It's  
15 two feet a second.

16 They will re-rate lines if the climatic  
17 conditions support it, to four feet a second. It  
18 essentially cools the wires is what it does.

19 MS. TOWNSEND-SMITH: So it's not  
20 equipment?

21 MR. MOORE: No.

22 MS. TOWNSEND-SMITH: It's -- okay.

23 MR. MOORE: And what they do is they  
24 make sure that all the proper clearances are  
25 maintained, and that the splices in the line are

1       adequate. And, as I say, it's a study they do to  
2       make sure the equipment will sustain the emergency  
3       short-term overloads.

4               MS. TOWNSEND-SMITH: Okay, so basically  
5       the reconductoring would definitely mean changing  
6       equipment, wiring, et cetera, et cetera. But the  
7       re-rating is just almost like a calibration, a  
8       recalibration of the system?

9               MR. MOORE: Yes, it's --

10              MS. TOWNSEND-SMITH: Okay.

11              MR. MOORE: -- a calculation that the  
12       existing equipment will suffice. And then we're  
13       talking about one section of wire that is .94  
14       miles long, and the other one is right at 2.2  
15       miles.

16              There are adjacent wires in the system  
17       that have already been re-rated. We know that the  
18       climatic conditions support the re-rating. It's  
19       just a matter of getting through the study to look  
20       at the physical hardware.

21              MS. TOWNSEND-SMITH: Okay, and so you've  
22       already responded to PG&E about the re-rating?

23              MR. MOORE: Yes, we have already paid  
24       the money, initiated the studies. They're having  
25       their internal kick-off meeting in the morning.

1       So they are in the process of doing this as we  
2       speak. And we are working with them on it on an  
3       almost daily basis to try to push the schedule  
4       along, to try to expedite their re-rate process.

5               MS. TOWNSEND-SMITH: Okay.

6               PRESIDING MEMBER PERNELL: Okay. Any  
7       other -- staff, do you have any questions?

8               MS. DAVIS: I would just like to make a  
9       few more comments about the transmission system  
10       engineering matter, and just point out for the  
11       Committee that in our issues identification report  
12       we stated that we were expecting the system impact  
13       study on November 11th.

14              So you realize that the reason why we're  
15       asking for -- or stating that we cannot analyze  
16       this element of the project, because of an  
17       unanticipated delay in the system impact study.

18              And then also I would just like to point  
19       out that if we were to try to include it in the  
20       December 17th staff assessment, that would give us  
21       only two weeks.

22              PRESIDING MEMBER PERNELL: Okay, I --

23              MR. MOORE: Can I make one comment?

24              PRESIDING MEMBER PERNELL: Yes.

25              MR. MOORE: The first study we got from

1 PG&E, the reason it was -- PG&E looked at, as Doug  
2 said, we had -- our DWR contract looked at a  
3 combined cycle project, which was larger, phase  
4 one and phase two.

5 The PG&E study had encompassed both  
6 phases. So what they did is they had to go back  
7 and redo the study to show only phase one impacts,  
8 and then phase two impacts.

9 So the initial report, which showed the  
10 phase two impacts, are more worst case than what  
11 you're going to find in the study today. I mean  
12 there are no new impacts in the report that got  
13 docketed today.

14 PRESIDING MEMBER PERNELL: All right,  
15 what I will do is take all of these comments into  
16 consideration, and put out a new schedule.

17 And I do appreciate, though, the  
18 explanation from both staff and the applicant, as  
19 it relates to the schedule.

20 And we're about to -- oh, what is the  
21 status of the FDOC from the Air District?

22 MR. SWANEY: I'm Jim Swaney. And I'm  
23 with the San Joaquin Valley Air Pollution Control  
24 District.

25 We initially issued a final

1 determination of compliance, an FDOC, back in  
2 early October. Since that time I believe last  
3 week a member of the Energy Commission Staff  
4 noticed a discrepancy between the short-term  
5 emission limits listed on the FDOC versus what was  
6 indicated in the original application from GWF.

7 And these discrepancies come into it  
8 strictly is a pound-per-hour and a pound-per-day  
9 emissions limits, so short-term emission limits.

10 And it simply comes as a difference in  
11 looking at what operating condition and what  
12 ambient conditions really.

13 And when we initially issued the FDOC we  
14 were looking at ISO standard conditions, which is  
15 59 degrees Fahrenheit; and what the manufacturer  
16 guaranteed the emissions would be.

17 What the applicant had originally  
18 proposed for the maximum short-term limits was the  
19 manufacturer's guarantee that 15 degrees  
20 Fahrenheit, which are slightly higher.

21 And so we have gone back and revised our  
22 FDOC. There were no new issues that came up. And  
23 we are planning on issuing a revised FDOC tomorrow  
24 morning.

25 PRESIDING MEMBER PERNELL: Okay, and



1 would that impact the schedule? From the staff.

2 MS. DAVIS: No, it would not.

3 PRESIDING MEMBER PERNELL: Okay.

4 Another question for staff.

5 MS. TOWNSEND-SMITH: So would it make  
6 the original date for the staff assessment? Or do  
7 you need additional time on top of the schedule?

8 MS. DAVIS: Because this relates  
9 primarily to the analysis of direct air quality  
10 impacts, it would not impact the schedule for that  
11 portion of air quality.

12 PRESIDING MEMBER PERNELL: All right.  
13 Is there anything else anyone wants to bring up  
14 concerning the schedule?

15 HEARING OFFICER TOMPKIN: Can we go off  
16 the record for a moment?

17 PRESIDING MEMBER PERNELL: Off the  
18 record, please.

19 (Off the record.)

20 PRESIDING MEMBER PERNELL: Okay, we're  
21 back on the record.

22 Okay, that concludes our scheduling.  
23 And before I adjourn I want to thank everyone for  
24 coming. Certainly the community and the applicant  
25 and staff. I think the applicant has been very

1       accommodating. And I want to thank you for that.

2               And just make a statement that this is  
3       not over, this is one meeting. Staff has a lot of  
4       work to do. We have a lot of analysis to do  
5       before the final decision.

6               The other thing is we have some  
7       technical -- 22 to 24 technical areas, so this  
8       is -- I don't want the community to leave thinking  
9       that, you know, this is a done deal.

10              However, I think the applicant has  
11       answered a lot of the questions. They've been on  
12       the hot seat for at least three hours. And I want  
13       to thank them for being patient in doing that.

14              The Commission has always prided itself  
15       on being inclusive. And so normally, you know,  
16       we -- I don't want to have a meeting where there's  
17       a three-minute little timer. I want everybody to  
18       get their questions out, feel comfortable about  
19       the proceedings.

20              The applicant had said, in my opinion,  
21       that they want to be a good neighbor to Tracy.  
22       And I would encourage the community to follow up  
23       on that, and also be a good neighbor to the  
24       applicant.

25              Again, if there's any other business to

1       come before this meeting, or if anyone has any  
2       other questions, now's the time.

3               Seeing none, hearing none, this  
4       meeting's adjourned.

5               (Whereupon, at 7:29 p.m., the hearing  
6       was concluded.)

7                       --o0o--

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## CERTIFICATE OF REPORTER

I, DUNCAN FANKBONER, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of December, 2001.

DUNCAN FANKBONER

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

□